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Estimates for the biennial support budget, 2008-2009

Summary

This document contains the UNFPA budget proposal for the 2008-2009 biennium in the results-based budget format. The budget estimates total $259.8 million (gross) and $235.8 million (net).

UNFPA projects that total income will increase from $910 million in the 2006-2007 biennium to $1,263 million in the 2008-2009 biennium, an increase of 38.8 per cent. Total income includes $863 million in regular resources (an increase of 15.5 per cent) and $400 million in other resources (an increase of 145.4 per cent).

For the first time, UNFPA has presented its budget using the results-based budgeting methodology, whereby the resources requested are linked to the results they seek to achieve, in accordance with the UNFPA strategic plan, 2008-2011.

The biennial support budget, 2008-2009, includes investments in strengthening country offices through additional posts and the realignment of existing posts; an enhanced field focus through a new organizational structure that supports the implementation of the strategic plan; an increased focus on accountability through a strengthened internal audit function; improved security coordination; and investments to provide more effective support to country offices and sustain the growing volume and complexity of operations.

The overall ratio of the gross biennial support budget to total income decreased from 23 per cent in 2006-2007 to 20.6 per cent in 2008-2009. UNFPA is committed to channelling a larger proportion of total available resources to programme implementation. Regular resources available for programme implementation increased from $528.2 million in 2006-2007 to $632.2 million in 2008-2009, an increase of 19.7 per cent. Total resources available for programme implementation increased from $718.2 million to $1,038.3 million, an increase of 44.6 per cent.

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CONTENTS

Page

UNFPA organizational chart 4

I. EXECUTIVE SUMMARY 5

II. STRATEGIC AND FINANCIAL CONTEXT OF THE BIENNIAL SUPPORT BUDGET, 2008-2009 6
A. Strategic framework 6
B. Financial framework 8

III. PROPOSALS FOR THE BIENNIAL SUPPORT BUDGET, 2008-2009 12
A. Summary of proposals 12
B. Description of biennial support budget activities and resources by function 19

Functions:
1: Executive direction and leadership 20
2: Representation and advancement of the core mandate 21
3. Corporate policy and strategy development, planning and guidance 22
4. Programme guidance, management and oversight 22
5. Procurement and supply management 24
6. Emergency management 25
7. External relations and partnerships 26
8. Internal and external communication: media and public relations 27
9. Resource mobilization and fund-raising 28
10. Financial management 28
11. Information and communications technology management 29
12. General administrative management 31
13. Human resources 32
14. Internal audit 33
15. Corporate evaluation 34
16. Staff security 35

IV. DRAFT DECISION 37

ANNEXES

1. Actions taken to implement the recommendations of the Advisory Committee on Administrative and Budgetary Questions 41
2. Terminology 43
3. Methodology 44

LIST OF TABLES

Table 1: Resource plan 10
Table 2: Summary of main areas of increase and decrease 18
Table 3: Proposed budget estimates by function and estimated income to the budget 19
Table 4: Regular resources posts by location 19

LIST OF FIGURES

Figure 1: Contributions by funding category, 2000-2001 to 2008-2009 9
Figure 2: Use of total resources, 2008-2009 11

LIST OF SUMMARY TABLES

Summary table 1: Regional resource plan 38
Summary table 2: Proposed changes in senior posts 39

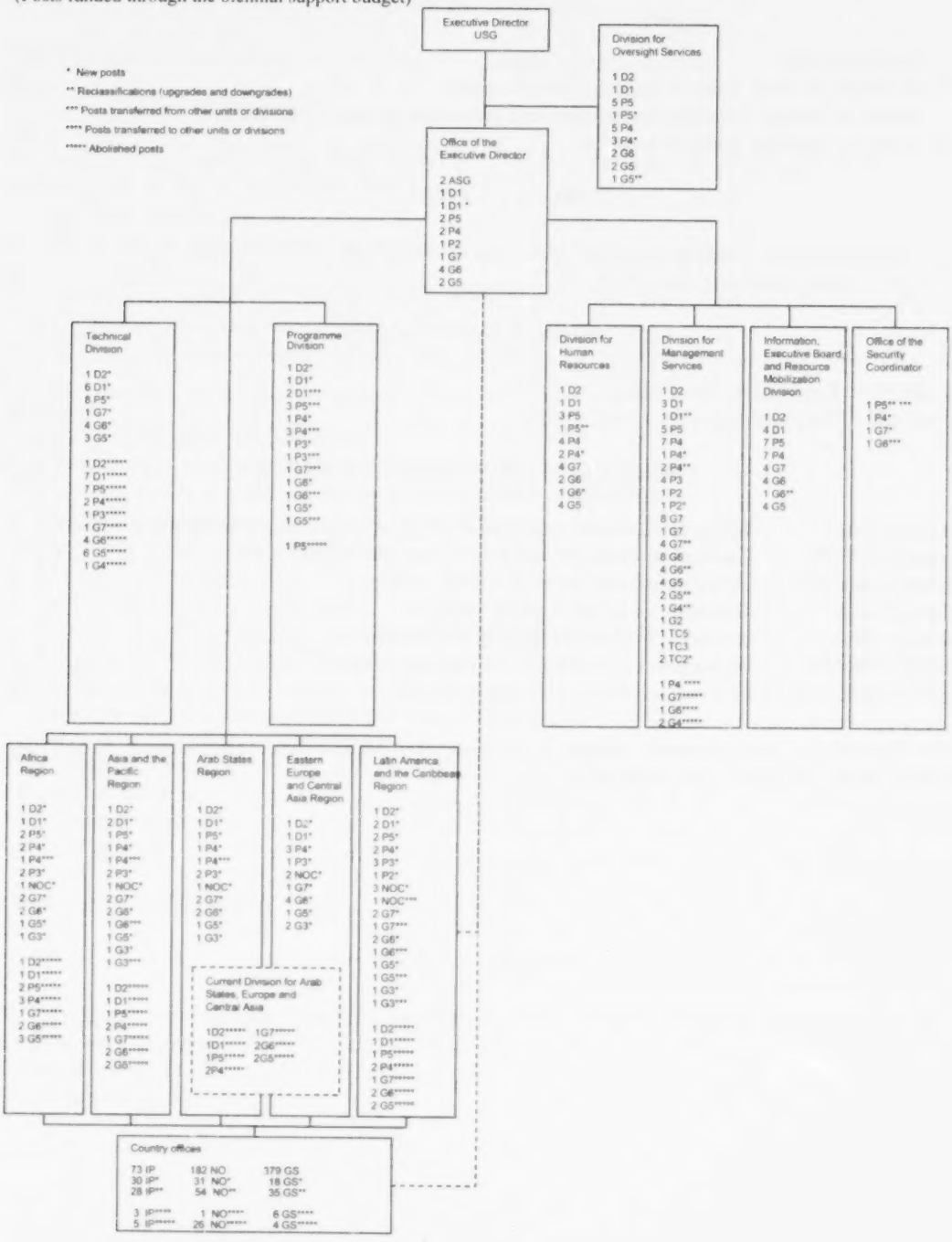
LIST OF SUPPLEMENTARY TABLES

Supplementary table I: Estimated biennial support budget by strategic plan management outputs 8
Supplementary table II: Changes in international posts in country offices 14
Supplementary table III: Changes in local posts in country offices 15
Supplementary table IV: Summary of country office changes 15
Supplementary table V: Impact of proposed regionalized structure 16
Supplementary table VI: Investments in headquarters capacity (posts) 17
Supplementary table VII: Comparison of security requirements 36

Tables 1-4, figures 1-2 and summary tables 1-2 follow the harmonized, results-based budget format. Supplementary tables I-VII are UNFPA-specific.

UNFPA organizational chart

(Posts funded through the biennial support budget)



I. EXECUTIVE SUMMARY

1. The Executive Director, UNFPA, is pleased to submit the estimates for the biennial support budget, 2008-2009, in the amount of $259.8 million (gross) and $235.8 million (net).

2. During the 2006-2007 biennium, UNFPA has benefited from substantial increases in donor contributions for regular and other resources, and expects this trend to continue. Therefore, total income, including interest and miscellaneous income, is expected to increase from $910 million in 2006-2007 biennium to $1,263 million in the 2008-2009 biennium, an increase of 38.8 per cent. Total income consists of $863 million in regular resources (an increase of 15.5 per cent) and $400 million in other resources (an increase of 145.4 per cent).

3. The overall ratio of gross biennial support budget to total income decreased from 23 per cent in 2006-2007 to 20.6 per cent in 2008-2009. UNFPA is committed to channelling a larger proportion of total available resources to programme implementation. Regular resources available for programme implementation increased from $528.2 million in 2006-2007 to $632.3 million in 2008-2009, or 19.7 per cent. Total resources available for programme implementation increased from $718.2 million to $1,038.4 million, or 44.6 per cent.

4. For the first time, UNFPA has presented its biennial support budget using the results-based budgeting methodology, whereby the resources requested are linked to the results they seek to achieve. UNFPA has used its strategic plan, 2008-2011 (DP/FPA/2007/17), which serves as a centrepiece for organizational programming, management and accountability, as the framework for developing the results-based budget. The budget proposal is the final document in a series of documents approved by the Executive Board at its second regular session 2007. In addition to the strategic plan, these documents included the review of the system for the allocation of UNFPA resources to country programmes (DP/FPA/2007/18); the UNFPA global and regional programme, 2008-2011 (DP/FPA/2007/19); and the review of the organizational structure of UNFPA (DP/FPA/2007/16 and DP/FPA/2007/16/Corr.1). All the documents are interlinked, and, together with the country programmes, support the strategic plan.

5. UNFPA has linked its biennial support budget resources to the management outputs defined in the strategic plan to enable it to measure its performance in the management results framework, which forms part of the UNFPA accountability framework. Management results are required to effectively deliver programme results.

6. The biennial support budget proposal directs a large proportion of its resources to achieving the management outputs necessary for results-oriented, high-quality programme delivery at country, regional and global levels (40.9 per cent); increased results-based management effectiveness and efficiency (18.7 per cent); effective partnerships that protect and advance the agenda of the International Conference on Population and Development (ICPD) (11.8 per cent); improved accountability for achieving results at all levels (9.8 per cent); and an ensured leadership role of UNFPA and active participation in United Nations reform (8.6 per cent). UNFPA seeks to achieve these management outputs primarily through the biennial support budget functions of programme guidance, management and oversight (52.0 per cent), as well as representation and advancement of the core mandate (11.5 per cent).

7. The biennial support budget proposal includes a significant investment in strengthening country offices through additional posts and the realignment of existing posts (net $9.3 million) and a regionalized organizational structure to support the efficient and effective implementation of the strategic plan ($6.2 million recurring costs related to the biennial support budget). In addition, UNFPA has proposed investments in

headquarters, including an increased focus on accountability by: (a) strengthening the internal audit function ($1.4 million); (b) improving security coordination ($0.6 million); and (c) strengthening executive direction and leadership, human resources, financial management, information and communications technology, procurement and supply management, and administrative management functions, in order to provide more effective support to county offices and sustain the growing volume and complexity of operations ($2.1 million). In addition, the substantial increases in statutory costs for existing staff salaries and entitlements, including the increased cost of after-service health insurance, as well as operational costs due to inflationary and currency adjustments, contribute to the increase in the biennial support budget ($27.5 million).

8. Despite the strategic investments noted above and the statutory cost increases, the increase in the proposed gross biennial support budget appropriations is 24.3 per cent, compared to 23.2 per cent in the 2006-2007 biennium. One must view this increase in the context of the projected total income growth of 38.8 per cent for 2008-2009 versus the 21.3 per cent increase estimated for the 2006-2007 biennium. UNFPA will present this budget proposal to the Advisory Committee on Administrative and Budgetary Questions (ACABQ), whose report will appear in document DP/FPA/2008/2.

II. STRATEGIC AND FINANCIAL CONTEXT OF THE BIENNIAL SUPPORT BUDGET, 2008-2009

A. Strategic framework

9. The UNFPA strategic plan, 2008-2011, which the Executive Board approved in decision 2007/40, provides the overall framework in which UNFPA will support programme countries in achieving national outcomes in the context of the ICPD; the national outcomes will, in turn, contribute to attaining the Millennium Development Goals. The management results framework of the strategic plan will enable UNFPA to effectively deliver programme outputs at global, regional and country levels. The strategic plan identifies nine management outputs in the management results framework and 13 outcomes in the development results framework. The management results framework supports the development results framework by strengthening the ability of UNFPA to manage its financial and human resources and to effectively use planning, monitoring, reporting and knowledge-sharing systems to deliver its programmes. The biennial support budget therefore provides a foundation that supports the management results framework in achieving planned development results.

10. For the first time, UNFPA has presented its biennial support budget using the results-based budgeting methodology, which links resources to results. The nine management outputs in the strategic plan serve as the framework for results and are presented in the table below. Due to space constraints, they will be referred to by their numbers in subsequent sections of the document. The management outputs go beyond internal management issues and include the core functions that UNFPA will engage in to maintain and expand its capacity to advance the ICPD Programme of Action and support the achievement of the development outcomes in the strategic plan. These management outputs will enable UNFPA to effectively deliver programme outputs at global, regional and country levels.

11. For the 2008-2009 biennial support budget, UNFPA has identified key activities for each management output. They are priority activities that contribute to the delivery of the management outputs. For each key activity, UNFPA has identified indicators, baselines and targets. While UNFPA has tried to provide relevant and measurable indicators, it recognizes that the results-based approach is still in progress. UNFPA will continue its efforts to improve indicators and linkages between the management results framework and the development results framework.

Management outputs in the UNFPA strategic plan, 2008-2011	
Output 1:	Increased results-based management effectiveness and efficiency
Output 2:	Ensured results-oriented, high-quality UNFPA programme delivery at country, regional and global levels
Output 3:	UNFPA maintains motivated and capable staff
Output 4:	Effective partnerships that protect and advance the ICPD agenda to be maintained and expanded
Output 5:	Ensured leadership role of UNFPA and active participation in United Nations reform
Output 6:	Improved accountability for achieving results at all levels
Output 7:	Ensured sustainable resources for UNFPA
Output 8:	Improved stewardship of resources under UNFPA management
Output 9:	UNFPA will have become a stronger field-focused organization

12. UNFPA has presented the biennial support budget using 16 results-based budget functions. Each key activity has been linked to the appropriate function. The 16 functions follow a harmonized, results-based budget definition presented to the UNDP/UNFPA and UNICEF Executive Boards during the introduction of the results-based budget format.

13. The accountability for the delivery of the nine management outputs specified above lies with the directors and other senior managers. The various divisions will support the directors and senior managers, as described under each of the 16 results-based budget functions. UNFPA will monitor progress through a balanced scorecard mechanism as well as through office management plans and individual performance and development appraisals. UNFPA will report on the management outputs in the annual report of the Executive Director to the Executive Board. A detailed description of the accountability, monitoring and reporting mechanisms is provided in the strategic plan as well as in the report on the UNFPA accountability framework (DP/FPA/2007/20).

14. In order to achieve the management outputs, UNFPA will require investments of biennial support budget resources primarily for: (a) a revised organizational structure; (b) enhanced capacity for selected headquarters offices to strengthen accountability, oversight, improve security coordination, provide more effective support to country offices and sustain the growing volume and complexity of operations; and (c) cost increases arising from salary scales and post-adjustment values, including after-service health insurance, and from inflationary factors that affect the price of goods and services.

15. Investments for the revised organizational structure will consist of:

(a) Further direct strengthening of country offices, through the creation of new posts as well as the realignment of existing posts. UNFPA has proposed to strengthen country offices in terms of:

(i) enhanced quality of international staff by upgrading selected country representative and deputy representative posts (net 11 and 6, respectively);
(ii) additional representative and deputy representative posts in selected countries (1 and 8, respectively);
(iii) converting selected operations manager posts from national to international on the basis of the size and complexity of country operations (17);
(iv) additional national professional and general service posts (49 new posts);
(v) reclassifications of a number of local posts in the country offices to reflect the complexity of the tasks performed (89); and

(b) Relocation of the geographical divisions from headquarters to the field and the establishment of five regional offices and six subregional offices; the restructuring of the technical division; and the creation of a programme division in headquarters.

16. The estimated budget resources for each management output are presented in the table below. A large proportion of resources is directed to achieving the management outputs necessary for: (a) results-oriented, high-quality programme delivery; (b) increased results-based management effectiveness and efficiency; (c) advancement of the ICPD agenda; (d) improved accountability for achieving results; and (e) an ensured leadership role of UNFPA and active participation in United Nations reform.

Supplementary table I: Estimated biennial support budget by strategic plan management outputs
(in millions of United States dollars)

Management Output	Description	Total 2008/2009	% of Total
1	Increased results-based management effectiveness and efficiency	48.5	18.7%
2	Ensured results-oriented, high-quality UNFPA programme delivery at country, regional and global levels	106.3	40.9%
3	UNFPA maintains motivated and capable staff	5.5	2.1%
4	Effective partnerships that protect and advance the ICPD agenda to be maintained and expanded	30.7	11.8%
5	Ensured leadership role of UNFPA and active participation in United Nations reform	22.3	8.6%
6	Improved accountability for achieving results at all levels	25.5	9.8%
7	Ensured sustainable resources for UNFPA	9.0	3.5%
8	Improved stewardship of resources under UNFPA management	4.7	1.8%
9	UNFPA will have become a stronger field-focused organization	7.3	2.8%
Total		259.8	100.0%

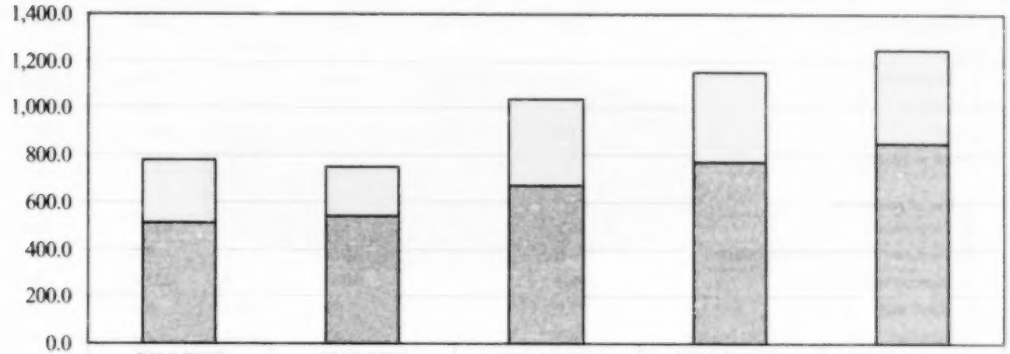
B. Financial framework

17. UNFPA continues to benefit, in the 2006-2007 biennium, from substantial increases in donor contributions for regular and other resources, and expects this trend to continue. Therefore, total income is expected to increase from $910 million in the 2006-2007 biennium to $1,263 million in the 2008-2009 biennium, an increase of 38.8 per cent. Total income consists of $863 million in regular resources (an increase of 15.5 per cent) and $400 million in other resources (an increase of 145.4 per cent). The projection for regular resources consists of $849 million from donor contributions and $14 million from interest and miscellaneous income.

18. The projections for regular resources are based on current trends that indicate a further expansion of the donor base and increases in contributions in local currency from 11 major donors. Projections in other resources indicate a significant increase compared to projections in the 2006-2007 biennium. The projections are based on recent income trends, as presented in figure 1, which illustrates income trends for both regular and other resources.

Figure 1: Contributions by funding category, 2000-2001 to 2008-2009

(in millions of United States dollars)



	2000-2001	2002-2003	2004-2005	2006-2007 (*)	2008-2009 (*)
Other resources	266.6	213.1	365.1	383.7	400.0
Regular resources	514.9	538.6	673.7	771.9	849.0

* Source: for 2000-2006, annual financial statements; for 2007-2009, projections

19. The income estimates, as well as the proposed breakdown of the use of resources, are provided in table 1 below. UNFPA has adjusted the opening balance for the 2006-2007 biennium resource plan to reflect the closing balances as per the 2004-2005 biennium financial statements.

Table 1: Resource plan
(in millions of United States dollars)

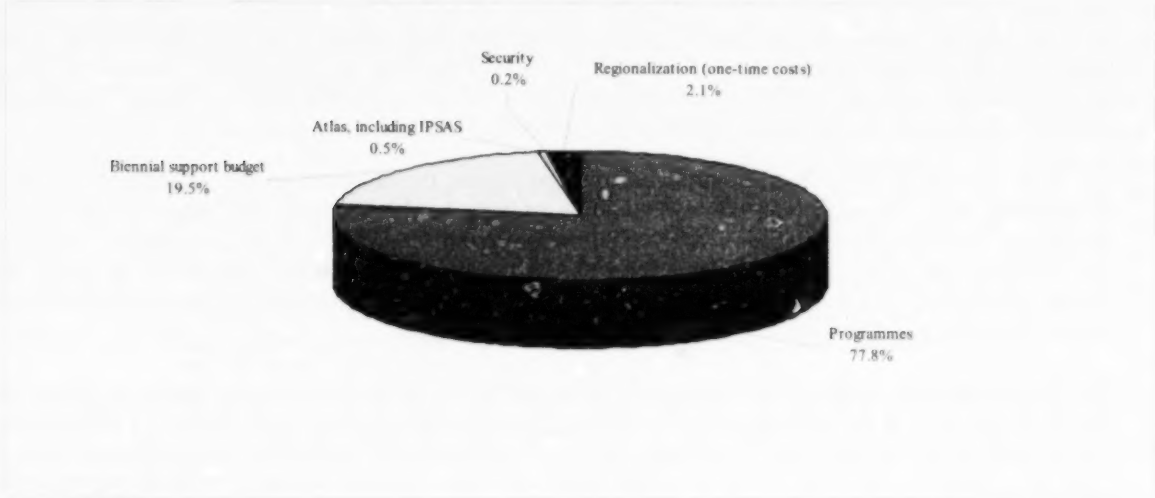
1. Resources available	2006-2007 Regular resources	2006-2007 Additional resources	2006-2007 Total resources	2006-2007 % of total	2008-2009 Regular resources	2008-2009 Additional resources	2008-2009 Total resources	2008-2009 % of total
Opening Balance a/	48.6	157.1	205.7		49.8	130.1	179.9	
Income								
Contribution	747.0	136.0	883.0		849.0	400.0	1,249.0	
Other b/	0.0	27.0	27.0		14.0		14.0	
Total	747.0	163.0	910.0		863.0	400.0	1,263.0	
Total available	795.6	320.1	1,115.7		912.8	530.1	1,442.9	
2. Use of resources								
A. Programmes	528.2	190.0	718.2	76.7%	632.3	406.1	1,038.4	77.8%
B. Technical Advisory Programme c/	7.6	0.9	7.6	0.8%	0.0	0.0	0.0	
C. Biennial support budget	196.4	12.6	209.0	22.3%	235.8	24.0	259.8	19.5%
D. Atlas, including IPSAS*	8.9	0.0	8.9	0.9%	6.0	0.0	6.0	0.5%
E. Security	4.7	0.0	4.7	0.5%	2.4	0.0	2.4	0.2%
F. Regionalization (one-time costs)	0.0	0.0	0.0		28.4	0.0	28.4	2.1%
Total use of resources (A+B+C+D+E+F)	745.8	202.6	948.4		904.8	430.1	1,334.9	100.0%
Cost recovery d/		(12.6)	(12.6)	-1.3%				
Net use of resources d/	745.8	190.0	935.8	100.0%				
3. Balance of resources (1-2) e/	49.8	130.1	179.9		8.0	100.0	108.0	

* International public sector accounting standards
a/ opening balance for 2006-2007 biennium has been reinstated as per financial statements for the 2004-2005 biennium
b/ includes interest and miscellaneous income
c/ Technical Advisory Programme ceases to exist as of 31 December 2007
d/ cost recovery is presented under additional resources as of the 2008-2009 biennium; for 2006-2007, cost-recovery items are shown as an offsetting line, to reconcile them with table 1 in document DP/FPA/2005/13
e/ includes the addition to the operational reserve; for 2008-2009, UNFPA will withold the annual addition to the operational reserve to partially fund one-time regionalization costs during 2008. UNFPA will resume funding to the operational reserve in January 2009, in accordance with Executive Board decision 2007/43
Note: Figures in this table and in other tables in this document are rounded to the closest decimal; therefore,they may not add up.

20. The proposed use of resources from table 1 is illustrated in figure 2. The largest portion, $1,038.4 million (77.8 per cent), will be allocated to programmes, compared to $718.2 million (76.7 per cent) in 2006-2007. This represents an increase of $320.2 million in dollar terms or 44.6 per cent. The regular resources available for programme implementation increased from $528.2 million in 2006-2007 to $632.3 million in 2008-2009, an increase of $104.1 million or 19.7 per cent.

21. The 2008-2009 budget proposal is $259.8 million (gross) or $235.8 million (net). Despite the strategic investments proposed in the budget and the cost increases, the overall ratio of gross biennial support budget to total income decreased from 23 per cent in 2006-2007 to 20.6 per cent in 2008-2009. Thus, UNFPA remains committed to channelling a larger proportion of total available resources to programme implementation. The share of biennial support budget in the total use of resources decreased from 22.3 per cent to 19.5 per cent.

Figure 2: Use of total resources, 2008-2009



Source: Table 1

22. In addition to the biennial support budget appropriation, the resource plan proposes the addition of $2.4 million to the security reserve for its share of the mandated security costs. UNFPA established the security reserve in September 2004 through Executive Board decision 2004/27, and replenished it with $4.7 million in accordance with Executive Board decision 2005/37. In the 2008-2009 biennium, UNFPA seeks to utilize existing security reserve levels and thereafter establish a separate biennial appropriation for mandated security costs.

23. UNFPA proposes a provision of $6 million, or 0.5 per cent of the total use of resources, for continuing investments in and development of the Enterprise Resource Planning system, known as Atlas, including the projected costs of implementing international public sector accounting standards. Of the $6 million, approximately $2.1 million is for implementing the international public sector accounting standards, including an Atlas upgrade, resources for expertise and policy dialogue in the international public sector accounting standards, and staff training costs. Compared to $8.9 million in 2006-2007, the proposed provision for Atlas is $2.9 million less in the 2008-2009 biennium. The Atlas investment, including the proposed provision for 2008-2009, will total $28.9 million for the period 2002-2009.

24. UNFPA proposes an estimated $28.4 million, or 2.1 per cent of the total use of resources, for the one-time costs of the new UNFPA organizational structure, which the Executive Board approved in decision 2007/43. The estimated one-time costs of $27.9 million for regionalization increased by $0.5 million to $28.4 million, as a result of the latest cost estimates for the locations of regional and subregional offices (DP/FPA/2007/16/Corr.1).

25. The one-time costs have two major components: (a) human resources-related provisions ($16.3 million), which include staff termination ($9.5 million); relocation ($3.1 million); non-salary staff costs for outplacement service, counselling, a job fair, a job-matching and reassignment process, and change-management training ($1.3 million); and eight posts related to the regionalization process ($2.4 million); (b) the establishment of regional and subregional offices ($12.1 million), which includes the identification and design, renovation or alteration of premises, site supervision, removal costs and procuring equipment

($6.4 million); the establishment of information technology connectivity ($4.2 million); and compliance with United Nations security standards ($1.5 million).

26. The one-time costs will be funded by: (a) $10 million from the carry-forward balance from previous years; (b) withholding $11 million, on an exceptional basis, from the projected annual additions over two years (2007 and 2008) to the operational reserve, as approved in decision 2007/43; and (c) making use of additional contributions to fund the remaining amount of $7.4 million.

27. In accordance with the revised, harmonized budget format, the estimated amount of indirect cost recovery is presented under the additional resources column in table 1. In preparing the budget proposal, UNFPA considered Executive Board decision 2007/15 on the review of the UNFPA policy on indirect cost recovery. The total expected programme delivery in the 2008-2009 biennium formed the basis for the biennial support budget proposal of $259.8 million. UNFPA will fund the gross budget proposal through $235.8 million from regular resources and $24 million from the projected cost recovery.

28. Procurement services to third parties are administered separately from regular resources. Based on the current projections of the total volume of third-party procurement services in 2008-2009, UNFPA estimates that the total generated income will be approximately $3 million, as in 2006-2007, and will be offset by direct costs and operating expenses related to procurement services. Income tax reimbursed to nationals of one Member State is credited to the budget. Since there was no contribution from this Member State, there is no income tax projected to be credited to the gross budget.

III. PROPOSALS FOR THE BIENNIAL SUPPORT BUDGET, 2008-2009

A. Summary of proposals

29. The increase in the proposed gross biennial support budget is 24.3 per cent, compared to 23.2 per cent in 2006-2007 biennium. The increase should be viewed in the context of the projected total income growth of 38.8 per cent for 2008-2009 versus the 21.3 per cent increase estimated for the 2006-2007 biennium. The increases are summarized in table 2. The figures presented in table 2 and in all other tables are rounded to the closest decimal and thus may not add up. The major factors impacting the increase are described below.

30. The cost increases of $27.5 million (13.2 per cent increase against the gross budget or 14 per cent increase against the net budget) are primarily due to post costs, both international and local ($21.5 million). The cost increases include salary-scale revisions, post-adjustment multipliers, within-grade salary increments and other post entitlements. In addition, UNFPA proposes to continue to bridge the gap of unfunded liabilities for after-service health insurance. For the next biennium and beyond, UNFPA has included a 4 per cent addition to post costs. The 4 per cent addition represents an estimate of current costs. In subsequent bienniums, UNFPA will modify the surcharge to adjust for the actuarial valuation of the cost estimation. The resulting increase for the 2008-2009 biennium is $4.3 million (2 per cent), which is included in the increase of $21.5 million in overall post costs. The remaining cost increases are due to operating cost adjustments resulting from inflationary and currency adjustments.

31. The volume increases reflect the strategic investments that UNFPA proposes for the 2008-2009 biennium and beyond. These investments are necessitated by the new organizational structure detailed in documents DP/FPA/2007/16 and DP/FPA/2007/16/Corr.1. The impact of the new organizational structure on the 2008-2009 biennial support budget is described below.

32. The new organizational structure calls for the further direct strengthening of country offices. UNFPA will improve the quality of international staff in its country offices by: (a) upgrading country representative and deputy representative posts in selected countries; and (b) adding representative posts and deputy representative posts in selected countries. Over the past ten years, the work of the UNFPA representative has become increasingly complex. The UNFPA representative is an authority on population and reproductive health, and is also responsible for advocating, as a member of the United Nations country team, the implementation of the ICPD Programme of Action. The UNFPA representative promotes the full integration of the ICPD agenda into national policy and strategy development and execution. The skills and competencies required, and the complexity of the aid environment, necessitated a review of the existing levels of representative posts and deputy representative posts. Key factors that distinguish a D1 representative post from a P5 representative post also include: (a) the complexity of the operating environment; (b) regional representation, where the representative is responsible for programme delivery in several countries; and (c) important programme and political partnerships, which require a higher level of skills to engage programme partners.

33. In applying the above criteria, UNFPA has identified 28 country offices that require the appointment of a representative at the D1 level, resulting in five proposed downgrades and 16 proposed upgrades. This does not include representatives in the regional and subregional structures, where the subregional office director or the regional office deputy director will also function as the UNFPA representative. These posts will necessitate four additional representatives at the D1 level, for a total of 32 D1 level representatives.

34. UNFPA requests the Executive Board to re-examine paragraph 12 of decision 95/35 and, based on the above criteria, approve an increase in the proportion of UNFPA representatives at the D1 level from 25 per cent to 40 per cent, in order to meet the programmatic challenges and realities of the current aid environment and strengthen the leadership capacity of country offices. While UNFPA has identified 32 country offices where D1 representation is required, these may vary over time. UNFPA will review these country offices during annual regional planning meetings. By approving a percentage of D1 posts rather than a fixed number for specific duty stations, the Executive Board will provide UNFPA with the flexibility it needs to strategically support programme countries.

35. In countries where the management of the country office is the responsibility of the deputy representative, because of demands placed on the representative, the deputy representative post requires an upgrade to the P5 level. UNFPA has identified six such cases. A similar upgrade from P4 to P5 is proposed for the post of chief of operations in South Sudan.

36. In addition, UNFPA proposes to add: (a) one new P5 representative post; (b) eight new deputy representative posts at the P4 level; and (c) four new international programme coordinator posts (one at the P4 level and three at the P3 level). UNFPA proposes to abolish three deputy representative posts and two representative posts. Of these, UNFPA proposes that one deputy representative post and the two representative posts be established as new posts at the regional level for the subregional offices in the English and Dutch-speaking Caribbean and in the Pacific Islands. UNFPA will transfer three regional security adviser posts from the country level to the regional level to reflect their regional coverage.

37. In 2003, following approval by the Executive Board of the revised estimates for the biennial support budget for 2002-2003 (decision 2002/24), UNFPA established national operations manager positions in 44 country offices. They are responsible for managing the administration, finance, information and communications technology, human resources and logistics of UNFPA country operations. In order to enhance financial and logistical management and accountability, given the complexity of field operations, UNFPA seeks to strengthen the operations manager posts. Furthermore, many country offices have

experienced difficulties in recruiting and retaining qualified national operations managers, thereby exposing UNFPA to unnecessary risks.

38. UNFPA proposes to convert, through a phased approach, the operations manager posts from national posts (national officer C) to international posts (P3). In so doing, UNFPA will apply the following criteria: (a) the size and complexity of the country programme; (b) the total number of staff in the country office; (c) the number of sub-offices managed by the country office; (d) the availability of local human resources; and (e) the number of countries covered by the UNFPA-appointed representative.

39. Based on the above criteria, UNFPA has identified 17 country offices as priority countries for establishing international operations manager posts for the 2008-2009 biennium. The international operations managers will enhance the managerial capacity of country offices to ensure compliance with internal controls and standards. Of 17 offices, UNFPA will convert 15 operations manager posts from the national level to the international level and add two international operations manager posts. In so doing, UNFPA will create more entry-level positions. The changes to international posts are summarized in the table below.

Supplementary table II: Changes in international posts in country offices

Title	Type of post change	Grade 2006-2007	Grade 2008-2009	Number of posts 2006-2007	Number of posts 2008-2009	Financial impact USD million	Increases USD million	Decreases USD million
Deputy representative	Abolished	P4		3		(1.0)		(1.0)
	New		P4		8	2.6	2.6	
	Unchanged	P4	P4	16	16	0.0		
	Upgrade	P4	P5	6	6	0.4	0.4	
Deputy representative - total				**25**	**30**	**2.1**	**3.1**	**(1.0)**
International operations manager	New		P3		17	4.9	4.9	
International operations manager - total					**17**	**4.9**	**4.9**	**0.0**
International programme coordinator	New		P3		3	0.9	0.9	
			P4		1	0.4	0.4	
International programme coordinator - total					**4**	**1.2**	**1.2**	**0.0**
Representative	Abolished	D1		1		(0.5)		(0.5)
		P5		1		(0.4)		(0.4)
	Downgrade	D1	P5	5	5	(0.4)		(0.4)
	New		P5		1	0.4	0.4	
	Unchanged	D1	D1	12	12	0.0		
		P5	P5	45	45	0.0		
	Upgrade	P5	D1	16	16	1.2	1.2	
Representative - total				**80**	**79**	**0.3**	**1.6**	**(1.2)**
Regional security adviser	Transfer to regional level	P4		3		(1.0)		(1.0)
Regional security adviser - total				**3**		**(1.0)**	**0.0**	**(1.0)**
Chief of operations	Upgrade	P4	P5	1	1	0.1	0.1	
Chief of operations - total				**1**	**1**	**0.1**	**0.1**	**0.0**
Grand total				**109**	**131**	**7.7**	**10.9**	**(3.2)**

40. To further strengthen its country offices, UNFPA reviewed the country-office typology that it introduced in 2002-2003. The review resulted in a proposal for 49 additional local posts. Thirty local posts will be abolished. The abolished posts result from the conversion of the operations manager posts to the international level (15); a change in the regional audit coverage (5); the establishment of the joint United Nations office in Cape Verde (4); the establishment of posts at the subregional level (3); and streamlining country-office needs (3). UNFPA also proposes that seven posts be transferred to the regional level, to reflect the subregional nature of the English and Dutch-speaking Caribbean programme.

41. In addition, UNFPA proposes 89 reclassifications (74 upward and 15 downward) of local posts in country offices, as a result of the review of the country-office typology. The nature of the functions and the complexity of the tasks performed have changed, thus warranting the proposed reclassifications. The review found that UNFPA national staff now have more complex work responsibilities due to United Nations reform, the current aid environment, and the needs arising from humanitarian crises and complex country programmes. This is

evident in countries where UNFPA does not have a UNFPA-appointed representative (39 countries) and in countries where the UNFPA representative is the only international staff member (55 countries). Senior national officers in such countries often assume some of the functions of the UNFPA representative or deputy representative. The proposal to increase the number of national posts and reclassify others to higher levels seeks to address these concerns. Strengthening national staff will help UNFPA to fulfil its mandate. UNFPA will manage the implementation of the proposed reclassifications in compliance with the policies and criteria set by the International Civil Service Commission. The proposed changes to county office local posts are summarized in the table below:

Supplementary table III: Changes in local posts in country offices

Type of post change	Number of posts 2006-2007	Number of posts 2008-2009	Financial impact USD million	Increases USD million	Decreases USD million
Abolished	30		(3.5)		(3.5)
Downgrade	15	15	(0.3)		(0.3)
New		49	3.8	3.8	
Unchanged	561	561	0.0		
Upgrade	74	74	0.9	0.9	
Transfer to regional level	7		(0.4)		(0.4)
Grand total	**687**	**699**	**0.5**	**4.7**	**(4.2)**

42. In addition to the post changes, UNFPA estimates that an additional $1.2 million will be required for operational costs resulting from strengthening country offices. The summary of the impact on country offices in terms of international and local posts, as well as operational costs, is provided in the table below:

Supplementary table IV: Summary of country office changes

Type of change	International professional posts USD million	Local posts USD million	Operational expenditure USD million	Total USD million	Reference to table 2
Increases					
Strengthening country offices					
New	9.2	3.8		12.9	
Upgrade	1.7	0.9		2.6	
Operational expenditure			1.2	1.2	
Subtotal	**10.9**	**4.7**	**1.2**	**16.7**	**III. a. (i)**
Decreases					
Streamlining country offices				0.0	
Abolished	(1.9)	(3.5)		(5.3)	
Downgrade	(0.4)	(0.3)		(0.7)	
Subtotal	**(2.2)**	**(3.8)**	**0.0**	**(6.0)**	**III. b. (i)**
Posts transferred from country office to regional structure					
Transfer to regional level	(1.0)	(0.4)		(1.4)	
Subtotal	**(1.0)**	**(0.4)**	**0.0**	**(1.4)**	**III. b. (ii)**
Total decreases	**(3.2)**	**(4.2)**	**0.0**	**(7.4)**	
Grand total	**7.7**	**0.5**	**1.2**	**9.3**	

43. The above investments are reflected under results-based budget functions 2, 4, 5, 10, and 12 (for function names, please refer to table 3).

44. As part of the new regional structure, the Executive Board approved the relocation of the geographical divisions from headquarters to the field and the establishment of five regional offices and six subregional offices. UNFPA will also create a programme division at headquarters, which will encompass the current strategic planning, environmental scanning, knowledge management and humanitarian response functions. It will also provide support to regional directors and serve as a liaison between the regional offices and headquarters. UNFPA will restructure the current technical support division, which will provide state-of-the-art knowledge through its network of institutions; facilitate the sharing of knowledge on substantive issues in all levels of the organization; and develop tools to ensure the coherence and quality of technical inputs.

45. The relocations of the geographical divisions will take place throughout the next biennium; UNFPA will identify the exact time lines when the premises are identified and arranged. Different time lines were used for different locations, based on the anticipated readiness of the new premises. UNFPA thus prepared the budget using the estimated time lines. The headquarters posts that UNFPA proposes to abolish are partially costed, using headquarters standard costs up to the presumed time of the move. The new posts in the regional and subregional offices are also partially costed, using location-specific standard costs as of the presumed time of the moves.

46. UNFPA applied the same principle of partial costing, based on the estimated time lines, for the recurring operational costs of the regional and subregional offices. The prorated costs are estimated at $2.1 million.

47. With regard to operational costs at headquarters, UNFPA will reflect the full savings from the released office space in headquarters in its 2010-2011 biennial support budget proposal. During 2008-2009, UNFPA will gradually release the space. It is not feasible to sublease pockets of office space until the final moves have occurred and the space has been consolidated for sublease, after UNFPA requirements have been met.

48. The proposed regionalized structure changes in posts and operational costs are summarized below:

Supplementary table V: Impact of proposed regionalized structure

	Type of post change	Number of post changes	Financial impact USD million	Reference to table 2
Regional and subregional offices				
Regionalized organizational structure (regional and subregional offices)	New post	78	11.1	
	Transfer from country level	10	1.4	
Total posts		88	12.5	
Operational costs			2.1	
Subtotal		**88**	**14.6**	**III. a. (ii)**
Headquarters				
New programme and technical support in headquarters	Abolish	(1)	(0.4)	
	New post	29	9.3	
	Transfer from SPO and HRU*	12	4.0	
	Transfer to programme division	(12)	(4.0)	
Subtotal		28	8.9	**III. a. (iii)**
Headquarters reductions due to regionalized structure	Abolish	(43)	(7.7)	**III. b. (iii)**
Reorganization of technical support in headquarters	Abolish	(30)	(9.5)	**III. b. (iv)**
Subtotal		**(45)**	**(8.4)**	
Grand total		**43**	**6.2**	

* SPO= Strategic Planning Office; HRU= Humanitarian Response Unit

49. The above investments are reflected within the results-based budget functions 2, 3, 4, 5, 6, 9, 10, 11, 12 and 16 (for function names, please refer to table 3).

50. UNFPA proposes investments in selected headquarters offices to strengthen internal audit; security coordination; executive direction and leadership; human resources; financial management; information and communications technology; procurement and supply management; and general administrative management to provide more effective support to country offices and sustain the growing volume and complexity of UNFPA operations. These investments are reflected in the results-based budget functions 1, 5, 10, 11, 12, 13, 14 and 16 (for function names, please refer to table 3). The proposals are detailed in the table below:

Supplementary table VI: Investments in headquarters capacity (posts)

	Type of post change	Number of posts	Financial impact USD million	Reference to Table 2
Strengthened internal audit	New post	4	1.40	
	Upgrade	1	0.01	
Total		4	1.42	III. a. (iv)
Strengthened security function	New post	2	0.52	
	Transfer from *	2	0.57	
	Transfer to *	(2)	(0.51)	
Total		2	0.59	III. a. (v)
Headquarters support to country offices - net	Abolish	(3)	(0.47)	
	Downgrade	1	(0.02)	
	New post	8	2.14	
	Transfer from **	2	0.34	
	Transfer to **	(2)	(0.35)	
	Upgrade	14	0.43	
Headquarters support to country offices - net		5	2.07	III. a. (vi)
Grand total		**11**	**4.08**	

Note: Posts proposed for upgrade or downgrade are not added to the total number of posts.

* transferred from the Division for Management Services to the Office of the Security Coordinator. One post transferred is also proposed for an upgrade.

** transferred from New York to Copenhagen. One post transferred is also proposed for a downgrade.

51. UNFPA proposes further volume investments of $3.7 million for organization-wide operational costs, as a result of an increase in tax reimbursements and hazard pay provision ($2 million); travel ($0.6 million); consultants ($0.4 million); and reimbursements and other operating expenses ($0.7 million).

Table 2: Summary of main areas of increase and decrease
(in millions of United States dollars)

		Total	% increase compared to 2006-2007 approved gross appropriation ($209 million)
I.	**2006-2007 net approved appropriation**	**196.4**	
II.	**Increases and decreases due to costs (inflation, currency and staff costs)**	**27.5**	**13.2%**
III. a.	**Increases due to volume**		
(i)	Strengthened country offices (paragraphs 32 - 43)	16.7	8.0%
(ii)	Regional and subregional offices (paragraphs 44-49)	14.6	7.0%
(iii)	New programme and technical support in headquarters (paragraphs 44-49)	8.9	4.2%
(iv)	Strengthened internal audit (paragraph 50)	1.4	0.7%
(v)	Strengthened security function (paragraph 50)	0.6	0.3%
(vi)	Headquarters support to country offices - net (paragraph 50)	2.1	1.0%
(vii)	Other operational expenses in headquarters and in the field - net (paragraph 51)	3.7	1.7%
	Total increases due to volume	**47.8**	**22.9%**
b.	**Decreases due to volume**		
(i)	Streamlining country offices (paragraphs 32 - 43)	(6.0)	-2.9%
(ii)	Posts transferred from country offices to regional structure (paragraphs 32 - 43)	(1.4)	-0.7%
(iii)	Headquarters reductions due to regionalized structure (paragraphs 44-49)	(7.7)	-3.7%
(iv)	Reorganization of technical support in headquarters (paragraphs 44-49)	(9.5)	-4.6%
	Total decreases due to volume	**(24.6)**	**-11.8%**
IV.	**Net volume increases (III.a + III.b.)**	**23.2**	**11.1%**
V.	**Net changes in estimated income to the biennial support budget**	**(11.4)**	**-5.5%**
VI.	**2008-2009 net appropriation estimates (I. + II. + IV. + V.)**	**235.8**	

52. Table 3 summarizes the budget proposal using 16 functions. The largest portion of increases is in function 4 – programme guidance, management and oversight.

Table 3: Proposed budget estimates by function and estimated income to the budget
(in millions of United States dollars)

A. Biennial support budget functions	2006-2007 appropriations	Change Amount	Change %	2008-2009 estimates
1. Executive direction and leadership	3.5	0.76	22.0%	4.2
2. Representation and advancement of the core mandate	25.9	3.89	15.0%	29.8
3. Corporate policy and strategy development, planning and guidance	5.2	(0.16)	-3.1%	5.1
4. Programme guidance, management and oversight	101.6	33.51	33.0%	135.1
5. Procurement and supply management	5.0	3.22	63.9%	8.3
6. Emergency management	1.4	(0.04)	-2.6%	1.3
7. External relations and partnerships	5.6	(0.08)	-1.5%	5.5
8. Internal and external communications: media and public relations	5.6	(0.02)	-0.4%	5.6
9. Resource mobilization and fund-raising	6.3	(0.16)	-2.5%	6.2
10. Financial management	10.9	2.37	21.7%	13.3
11. Information and communications technology management	6.3	1.10	17.6%	7.4
12. General administrative management	7.8	1.16	14.9%	8.9
13. Human resources	9.4	1.26	13.4%	10.6
14. Internal audit	6.2	1.35	21.5%	7.6
15. Corporate evaluation	3.2	0.49	15.3%	3.7
16. Staff security	5.1	2.15	42.0%	7.3
Total gross resources	209.0	50.78	24.3%	259.8
B. Estimated income to the biennial support budget	(12.6)	(11.40)	90.5%	(24.0)
Total net resources (A+B)	196.4	39.38	20.0%	235.8

53. Table 4 provides an overview of posts. UNFPA proposes a significant shift of posts from headquarters to the field. The total number of posts has increased by 88, with 122 more posts in the field and 34 less posts at headquarters. This improves the ratio of field posts to headquarters posts compared to the 2006-2007 biennium. The proposed changes to senior-level posts are provided in summary table 2.

Table 4: Regular resources posts by location

	2006-2007 approved posts							Changes: increase and (decrease)						2008-2009 proposed posts						
	USG / ASG	D2	D1	Other IP	All other	Total	% of total	USG / ASG	D2	D1	Other IP	All other	Total	USG / ASG	D2	D1	Other IP	All other	Total	% of total
Field	0	0	18	91	687	**796**	77.2%	0	5	17	41	59	**122**	0	5	35	132	746	**918**	82.0%
Headquarters	3	9	23	90	110	**235**	22.8%	0	(3)	(2)	(7)	(22)	**(34)**	3	6	21	83	88	**201**	18.0%
Total	3	9	41	181	797	**1,031**	100.0%	0	2	15	34	37	**88**	3	11	56	215	834	**1,119**	100.0%

Note: IP= international professional

B. Description of biennial support budget activities and resources by function

54. This section provides details of the 16 functions that support the delivery of the management outputs and the capacity of UNFPA to achieve planned development results. Each function includes a definition and a description, as well as the context for planned activities. Directors and other senior managers are accountable for the nine management outputs. The organizational units that will deliver the stated results are identified in

each function. In addition, the table for each function describes the key activities that UNFPA will undertake to achieve the management outputs, the indicators that measure success, baselines and targets.

55. Key activities do not encompass all the activities that UNFPA will undertake in the next biennium; rather, they represent a selection of priority activities that support the achievement of the management outputs. For a few functions, baseline data are not yet available. UNFPA will collect this data in 2008, and may revise some targets. In order to determine the budget allocation for each management output and function, UNFPA used post costs (since they represent the largest portion of the biennial support budget) as a starting point. UNFPA estimated the percentage of time each type of post would contribute to a key activity and linked this key activity to a management output and a results-based budget function. The percentages of post costs per output and function were used to allocate the operational costs accordingly.

Function 1: Executive direction and leadership

56. Definition and description. The executive direction and leadership function enables the senior management of UNFPA to define the executive direction for the organization, based on its mandate and the long-term vision for the organization, and to provide effective leadership. By the end of 2009, UNFPA should be a stronger field-focused organization that effectively delivers results.

57. Issues and narrative. UNFPA will continue to implement its executive direction, which is defined in the strategic plan, in the context of the ICPD Programme of Action. This function supports management outputs 4 and 9 (page 7 refers). UNFPA will strengthen its field operations and the capacity of country offices to better respond to country needs. In order to do so, UNFPA must direct the internal processes, structure and culture to better serve country offices and strengthen accountability. It is essential that headquarters units have the necessary resources to support field activities.

58. Accountability and funding levels. The accountability for the key activities below lies with the Office of the Executive Director. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.** million in 2008-2009.

59. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 9 Activity: Ensure that the capacity of field units is strengthened; that they have sufficient resources to achieve expected results; and that headquarters units are equipped to support field activities	Percentage of all biennial support budget posts established in the field	77 per cent	82 per cent
Output 9 Activity: Direct UNFPA so that internal processes, structure and culture serves the needs of field offices	Percentage of UNFPA staff who agree that that cooperation between headquarters and country offices is satisfactory	50 per cent	60 per cent
Output 4 Activity: Ensure that organizational direction enables UNFPA to contribute effectively to implementing the ICPD agenda	Percentage of partner survey respondents who consider UNFPA effective in positioning the ICPD agenda in national development contexts	To be established in 2008 through the partner survey	5 per cent improvement over baseline

Function 2: Representation and advancement of the core mandate

60. Definition and description. This function covers field and headquarters activities related to representing the organization in order to advance the core UNFPA mandate and achieve programme goals. These activities take place principally in country offices, but also relate to subregional, regional and headquarters activities.

61. Issues and narrative. This function contributes to management outputs 4 and 5 (page 7 refers). In the context of the ICPD Programme of Action, the UNFPA strategic plan includes three focus areas: (a) population and development; (b) reproductive health and rights; and (c) gender equality, all of which are related to the Millennium Development Goals. Management at headquarters, regional and country levels plays a critical role in advancing UNFPA goals in these focus areas. This occurs through effective representation with leaders and counterparts, which increases their knowledge of the role UNFPA plays in achieving the Millennium Development Goals. Activities include building alliances with partners at all levels and strengthening working relations with governments, civil society and United Nations partners. The new aid environment and the triennial comprehensive policy review of operational activities for development of the United Nations system offer opportunities for UNFPA to promote and advance the ICPD Programme of Action so that the target of universal access to reproductive health by 2015 can be achieved.

62. Accountability and funding levels. The accountability for the key activities below lies with the Office of the Executive Director, the Technical Division, the Programme Division, and with country and regional offices. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

63. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 4 Activity: Identify, establish and strengthen working relations with governments, non-governmental organizations (NGOs) and other partners, including policy and advocacy work at all levels	Percentage of stakeholders assessing UNFPA as an important and trusted partner in national development	To be established in 2008 through a partner survey	5 per cent improvement over baseline
Output 5 Activity: Direct the organization in the context of the new aid environment, United Nations reform and development frameworks to identify how to further improve the integration of population and development issues, including sexual and reproductive health	Percentage of countries in which UNFPA has supported the inclusion of ICPD priorities in national development plans, including poverty reduction strategy papers	89.7 per cent	94 per cent
	Percentage increase in the number of active joint programmes with other United Nations organizations	116	10 per cent increase against baseline

Function 3: Corporate policy and strategy development, planning and guidance

64. Definition and description. This function identifies the goals, policies and strategies of the organization to achieve corporate results. It includes strategic planning and results-based management activities based on coherent, evidence-based, substantive conceptual frameworks, which enable the organization to achieve corporate results. It also includes the monitoring and reporting of progress to achieve results.

65. Issues and narrative. Full implementation of the results-based management approach will remain a strategic focus area for UNFPA. This function will support management outputs 1 and 2 (page 7 refers). Key activities include operationalizing the strategic plan, regular monitoring and reporting on results, and capacity development in results-based management. UNFPA will continue to strengthen the integrated results-based management system, ensuring coherence and synergy at all levels.

66. Accountability and funding levels. The accountability for the key activities below lies primarily with the Programme Division and the Technical Division. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

67. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 1 Activity: Operationalize the strategic plan at country levels	Percentage of country programmes aligned with the new strategic plan	The new strategic plan, 2008-2011, approved by the Executive Board in September 2007	100 per cent of country programmes aligned with the new strategic plan
Output 1 Activity: Monitor, analyse and report on results of the strategic plan	Mechanisms in place for timely reporting to the Executive Board	Annual reporting mechanisms through *i-track* used for regular analysis and reporting	Reporting mechanisms updated and utilized for developing the midterm report of the strategic plan
Output 2 Activity: Develop mechanisms to ensure quality control and coherence for the regional and global programmes	Mechanisms in place for quality-control of projects under the global and regional programme	Polices and procedures manual guidelines and checklists available; proposal ready for quality-control mechanism	100 per cent of global and regional projects checked for consistency and technically synchronized
Output 2 Activity: Develop capacity, provide guidance, and ensure coherence and harmonization of results-based management and business practices	Milestones to build staff capacity in results-based management	Guidance for staff on results-based management approach is developed	Results-based management training mainstreamed in UNFPA learning programmes

Function 4: Programme guidance, management and oversight

68. Definition and description. This function covers the development, approval and implementation of UNFPA programmes at country, regional and global levels. The activities undertaken within this function include technical programme guidance, oversight of country programmes and the global and regional programmes, and programme management of country operations. The function does not cover operational management of the specific programmes; those costs are an integral part of the programmes.

69. Issues and narrative. This function contributes to management outputs 1 and 2 (page 7 refers). For the 2008-2009 biennium, UNFPA is increasing efforts to directly strengthen country offices, following the consultations conducted in 2007 with the Executive Board. As reflected in the strategic plan, UNFPA seeks to strengthen its capacity to improve programming at the country level in support of country-led development. In some countries, performance by country offices is less than optimal, and UNFPA faces operational challenges. UNFPA therefore seeks to ensure that the capacity of staff to manage and deliver effective support to programmes in country offices matches the complexity of the country context, and supports the requirements of the new aid environment and the implementation of the triennial comprehensive policy review.

70. Accountability and funding levels. The accountability for the key activities below lies primarily in the country offices, regional offices, and in the Programme Division and the Technical Division at headquarters. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

71. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 1 Activity: Improve risk management, accountability, and follow-up to evaluation recommendations for country, regional and global programmes	Percentage of accepted recommendations of required country, regional and global programme evaluations that are implemented from the issuance of the evaluation reports to the end of the following year	Final figures to be collected through the 2007 country office annual reports (as of October 2007, 65 per cent of evaluation recommendations for global and regional programmes have been implemented)	80 per cent
	Percentage of internal audit recommendations that are implemented in high-risk entities from the issuance of the audit reports to the end of the following year	77 per cent (2006 value)	90 per cent
Output 2 Activity: Ensure the quality and coherence of country programme operations and technical assistance	Proportion of joint programmes that are coherent with national priorities and that reflect the ICPD agenda	Figure to be collected through the 2007 headquarters annual report (January 2008)	>75 per cent
	Percentage of country offices that fully implement their annual technical assistance plans	Figure to be collected through the 2007 country office annual reports (January 2008)	>90 per cent

Strategic plan management outputs and key activities	Indicators	Baselines	Target
Output 2 Activity: Enhance the quality and effectiveness of country programmes through oversight and programme monitoring	Percentage of country offices satisfied with the quality and timeliness of regional office programmatic support to country offices	Figure to be collected through 2007 country office annual reports (January 2008)	> 80 per cent
	Number of countries supported through annual programme reviews that assess quality and consistency with current thematic guidelines and programmatic processes	To be collected through headquarters annual report	> 80 per cent
Output 2 Activity: Strengthen systems for knowledge sharing and to manage technical knowledge in all thematic areas	Number of staff accessing UNFPA knowledge assets annually	477 staff members	>600 staff members annually

Function 5: Procurement and supply management

72. Definition and description. This function covers the capacity of UNFPA in the supply and procurement areas to ensure value for money and provide guidance and oversight to procure goods and services. It includes efficient procurement in support of country programmes and building national capacity in procurement.

73. Issues and narrative. This function supports management outputs 2 and 8 (page 7 refers). The procurement and supply function ensures the timely provision of goods and services required to support and execute UNFPA programmes, with particular emphasis on reproductive health commodity security.

74. While recognizing the continuing need to provide transactional procurement services for governments and other partners, UNFPA places increasing emphasis on enabling and assisting partners to execute their own procurement. This is achieved by the identification, pre-qualification and strategic management of the supply base for reproductive health commodities, emphasizing quality-assurance requirements. In assisting countries in developing national capacity in reproductive health commodity procurement, collaboration with the procurement and supply management functions of other partners is critical. A key objective of this function is to strengthen logistics management and integrate it into the supply management process

75. Accountability and funding levels. The responsibility for the key activities below lies with the Division for Management Services, the Technical Division and the country offices, through a decentralized procurement function. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

76. Expected key results

Strategic plan management outputs and key activities	Indicators	Baselines	Target
Output 8 Activity: Ensure a cost-effective supply of high-quality goods and	Improvement of overall delivery performance for reproductive health	95 days average delivery time	85 days

Strategic plan management outputs and key activities	Indicators	Baselines	Target
services to support UNFPA programmes	commodities		
Output 2 Activity: Establish, manage and maintain a quality-assured supply base for reproductive health commodities for use by UNFPA and its partners	Number of pre-qualified suppliers of intrauterine devices and condoms	20	26
Output 2 Activity: Build country-office capacity in managing reproductive health commodities and other goods and services	Number of country offices provided with comprehensive technical support on reproductive health commodity security to enhance the capacity of national counterparts	14 country offices (estimate)	50 country offices

Function 6: Emergency management

77. Definition and description. This function covers policies, strategies, guidelines, partnerships and capacity-building in UNFPA country offices for emergency preparedness, response and recovery programming. It also includes coordinating UNFPA involvement in United Nations humanitarian reform and related inter-agency frameworks.

78. Issues and narrative. This function supports management outputs 4, 5 and 9 (page 7 refers). In decision 2006/35, the Executive Board approved a three-year institutional strategy to support UNFPA, national counterparts, and regional and global humanitarian partners in fully integrating ICPD concerns into all emergency preparedness, humanitarian response, and transition and recovery operations. Along with the implementation of this strategy, UNFPA continues to provide leadership within the United Nations system in the areas of reproductive health, gender-based violence, and gender mainstreaming within humanitarian response planning. UNFPA must be able to support country-level responses to acute emergencies, chronic crises and post-crisis recovery situations.

79. Accountability and funding levels. The accountability for the key activities below lies with the Programme Division. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

80. Expected key results

Strategic plan management outputs and key activities	Indicators	Baselines	Target
Output 4 Activity: Expand advocacy and resource mobilization for reproductive health, gender and data collection in emergencies	Percentage increase of co-financing contributions for reproductive health, gender, and data collection and analysis in humanitarian and recovery situations versus target	$43.7 million co-financing country contributions and $5.5 million for pooled funds and the central emergency revolving fund	25 per cent increase of overall baseline

Strategic plan management outputs and key activities	Indicators	Baselines	Target
Output 5 Activity: Ensure demographic, gender and reproductive health expertise as part of the United Nations humanitarian, transition and peace-building mechanisms	Percentage of United Nations humanitarian mechanism frameworks that reflect ICPD issues	25 per cent	70 per cent
Output 9 Activity: Build national capacity for emergency preparedness and response	Number of countries that have incorporated reproductive health, gender and data issues into their national crisis contingency planning	5 countries	15 countries

Function 7: External relations and partnerships

81. Definition and description. This function covers organization support to and relations with the Executive Board and other oversight bodies. It also involves the building of partnerships with civil society organizations, public and private sector organizations, and others. Through the use of advocacy and by positioning itself as a competent and effective development partner, UNFPA will reinforce support among Member States for the ICPD agenda. In order to contribute effectively to achieving the Millennium Development Goals, and in the context of United Nations reform, this function requires UNFPA to work closely with other United Nations system partners to "deliver as one".

82. Issues and narrative. This function supports management output 4 (page 7 refers). The function focuses on: (a) the recognition of the centrality, in the global development agenda, of population and development issues, including reproductive health issues, and their integration in global, regional and national processes; (b) increasing understanding of the factors that challenge the ICPD agenda and the ways to overcome those factors; (c) ensuring that UNFPA understanding of the external environment contributes to its ability to foster an enabling environment and to respond effectively to its governing bodies and clients; and (d) promotion of common efforts with partners and stakeholders to strengthen support for ICPD.

83. Accountability and funding levels. The accountability for the key activities below lies primarily with the Information, Executive Board and Resource Mobilization Division (IERD). Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

84. Expected key results

Strategic plan management outputs and key activities	Indicators	Baselines	Target
Output 4 Activity: Ensure that the centrality of the ICPD agenda is recognized, maintained and expanded, including through United Nations reform process	UNFPA participation in key United Nations coherence initiatives to further ICPD	10 key initiatives	10 key initiatives maintained
Output 4 Activity: Secure support for the ICPD agenda through effective partnerships with civil society	Number of advocacy events held regionally and globally to mobilize support for the ICPD agenda	4 annual events	At least 4 major events organized per year

Strategic plan management outputs and key activities	Indicators	Baselines	Target
Output 4 Activity: Secure support for the ICPD agenda through effective partnerships with parliamentarians	Number of advocacy events held with parliamentarians to mobilize support for ICPD agenda	3 annual events or activities	3 events annually maintained

Function 8: Internal and external communication: media and public relations

85. Definition and description. This function covers the efforts of the organization to make its mandate and accomplishments known to the global public in both donor and programme countries. This function provides a basis for programme activities, including advocacy for policies and programmes. UNFPA is committed to strengthening communication internally and with external stakeholders, including governments, donors, partner United Nations organizations, NGOs and the media. Strategic communication raises the profile of successful programmes at the country level; increases visibility and public understanding of the ICPD mandate and UNFPA work; generates funding; and promotes government support and ownership.

86. Issues and narrative. This function supports management outputs 1, 4 and 7 (page 7 refers). In the 2008-2009 biennium, UNFPA will seek to achieve a higher profile for core ICPD issues in mainstream media at national, regional and global levels and provide information about the impact of UNFPA programmes to United Nations Member States. Over the next four years, UNFPA will give more attention to issues such as ageing, migration and urbanization; advocacy will support these efforts. To increase funding for population and reproductive health programmes, advocacy efforts and successful programming will enable UNFPA to mobilize resources for long-term development at the national level and for emergency preparedness, rapid humanitarian response and post-crisis recovery.

87. Accountability and funding levels. The accountability for the key activities below lies primarily with IERD. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

88. Expected key results

Strategic plan management outputs and key activities	Indicators	Baselines	Target
Output 4 Activity: Enhance online communication of ICPD issues and UNFPA programmes through the corporate website	Percentage of UNFPA web sites using the new content-management system	Content-management system available	New content-management system used in 100 per cent of UNFPA sites
Output 4 Activity: Promote ICPD and UNFPA through media relations	Percentage increase of print coverage and broadcasts in the online, monitored global media	2,250 media clippings from the online surveying mechanism (January - September 2007)	5 per cent annual increase
Output 7 Activity: Promote ICPD and UNFPA through publications and audiovisual productions	Number of video productions broadcast in mainstream media, and publications produced and distributed to target	3 advocacy booklets and 10 video news releases	4 advocacy publications distributed to target audiences and 15 video news releases produced for public broadcasting

Strategic plan management outputs and key activities	Indicators	Baselines	Target
	audiences		during the biennium
Output 1 Activity: Establish an effective system for internal communications	Percentage of global staff survey respondents satisfied with the information they receive about what is happening in UNFPA	69 per cent	75 per cent

Function 9: Resource mobilization and fund-raising

89. Definition and description. This function covers organization efforts to attract and leverage resources from donor and programme governments and NGOs, and through partnerships with other public and private organizations.

90. Issues and narrative. This function supports management output 7 (page 7 refers). UNFPA will continue to broaden and expand the UNFPA donor and funding base in order to meet ICPD objectives. Core contributions will continue to represent the bedrock of the UNFPA funding structure. However, UNFPA will enhance efforts to increase contributions from co-financing mechanisms at the headquarters level, in particular through specific thematic trust funds for maternal health and reproductive health commodity security.

91. Accountability and funding levels. The accountability for the key activities below lies primarily in IERD as well as in the Office of the Executive Director and the Technical Division. In addition, field offices, especially through the local efforts of UNFPA representatives, will also play a key role in mobilizing resources to implement programmes. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**in 2008-2009.

92. Expected key results

Strategic plan management outputs and key activities	Indicators	Baselines	Target
Output 7 Activity: Strengthen the UNFPA funding base and meet annual funding targets	Percentage of annual strategic plan regular resources target mobilized	Contributions mobilized ($772 million projected for 2006-2007)	100 per cent mobilized ($849 million for the biennium)
	Number of donors pledging $1million and above	18	21 annually
Output 7 Activity: Increase co-financing and other non-core resources	Percentage of annual strategic plan co-financing target mobilized	Contributions mobilized ($384 million projected for 2006-2007)	100 per cent mobilized ($400 million for the biennium)

Function 10: Financial management

93. Definition and description. This function includes establishing and maintaining systems of financial management and accountability; managing financial and other assets of UNFPA; supporting the allocation of programme and operating resources to optimize use of expected and/or available funds, based on strategic

priorities (planning and budget); and managing and reporting on financial transactions involving the use of resources (accounting, payments, reporting, etc.).

94. Issues and narrative. This function supports management outputs 1, 6 and 8 (page 7 refers). Financial management includes budgeting, accounting and treasury services as well as initiating improvements in financial operations areas. UNFPA outsources some financial processes to UNDP, such as investment management and banking. In performing this function, UNFPA relies on technology and Enterprise Resource Planning to enhance controls and minimize risks. Financial management within UNFPA is decentralized and performed in individual country offices, as well as in the regional and subregional offices that will be established. The responsibility for financial propriety and expenditure control for a significant portion of UNFPA resources thus rests with the field offices.

95. Accountability and funding levels. The accountability for the key activities below lies with the Division for Management Services in headquarters and in the country and regional offices. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and $**Error! Not a valid link.**million in 2008-2009.

96. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 6 Activity: Provide timely, high-quality financial statements and donor reports	Country offices: percentage of operating fund advances versus target Headquarters: percentage of financial monitoring reports (including implementation rates) produced by tenth working day of following month	3 per cent of annual programme expenditure 60 per cent of the reports currently produced within this deadline	2.7 per cent of annual programme expenditure 100 per cent
Output 1 Activity: Manage approved budgets for effective utilization of resources	Headquarters: utilization rate of biennial support budget resources	Appropriations, as approved by the Executive Board, are managed effectively to attain defined results	Appropriations, as approved by the Executive Board, are managed effectively to attain defined results
Output 8 Activity: Preserve working capital	Headquarters: percentage of current liabilities, receivables and advances not older than 180 days	62 per cent less than 180 days old	64 per cent

Function 11: Information and communications technology management

97. Definition and description. Information and communications technology management supports UNFPA operations worldwide. UNFPA achieves this by maintaining and supporting existing systems and infrastructure, and by developing and deploying new information and communications technology systems and infrastructure. These include the development of additional functions and the enhancement of existing functions in Atlas; the development of web-based systems outside Atlas that extend the reach of the UNFPA

network and network-based services; the deployment of data security appliances and applications; and strengthening the web-based presence of UNFPA. UNFPA performs these services by procuring equipment, software or services, or by developing systems in UNFPA or with other United Nations partners.

98. Issues and narrative. This function supports management outputs 1, 5, 6 and 9 (page 7 refers). Information and communications technology will facilitate the implementation of the strategic plan by:

(a) Ensuring that staff needs for information technology tools are met on a timely and cost-effective basis;

(b) Ensuring that all data are maintained centrally, so that UNFPA ensures data security, while entry, management and access to data are fully decentralized;

(c) Enabling a global, virtual, private network that includes all regional and subregional offices, thus creating a basis for efficient and effective functioning of the new organizational structure; and

(d) Ensuring reliable business continuity capability in case of need, through appropriate disaster-recovery strategies and actions.

99. Accountability and funding levels. The accountability for the key activities below lies primarily with the Division for Management Services, as well as with the regional offices, once they are established. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

100. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 1 Activity: Design and develop required systems to meet the changing business needs of the organization	Systems will be aligned with the strategic plan and will comply with information technology industry standards	Atlas and other current applications meet existing business requirements	Additional Atlas modules and other UNFPA systems launched as scheduled, and which comply with standards
Output 5 Activity: Harmonize information and communications technology standards and practices with other United Nations agencies	Milestones of information technology support to "delivering as one" pilots	Unified internet-based facilities not available	Inter-agency sharing of intranet-enabled facilities and common standards established
Output 6 Activity: Develop and deploy security and tracking tools on transactional systems	Number of Atlas modules that include security and tracking tools	Oversight is provided on general ledger only	Oversight extended to accounts payable and accounts receivable
Output 9 Activity: Design, develop, support and maintain local area networks and wide-area network telecommunication systems	Percentage of regional and subregional offices connected through secure local area networks and wide-area networks, including internet protocol-based services	No regional offices and no connection established	100 per cent of the established regional and subregional offices have secure connections and internet protocol-based communications capabilities

Function 12: General administrative management

101. Definition and description. This function entails the provision of premises, facilities and support services (for headquarters, liaison offices, country offices, and regional and subregional offices) that are functional, cost-effective and adequate. The function is also responsible for establishing administrative policies and procedures and ensuring compliance with them. The Division for Management Services in headquarters, administrative associates and/or operations managers in field offices facilitate general administrative management.

102. Issues and narrative. This function supports management outputs 1, 2, 8 and 9 (page 7 refers) and is performed at all levels. At headquarters, the function involves the management of leases, office space, office supplies and equipment, conference facilities, printing services, mail and pouch services, office renovations and maintenance, asset management, archives and records management, and travel services.

103. In country, regional and subregional offices, this function involves the provision of technical support and technical endorsement relating to office premises, facilities and support services (for example, for leases, office furniture and equipment, vehicles, office renovations and maintenance, and asset management). UNFPA is a member of the United Nations Development Group (UNDG) working group on common premises. This group promotes and facilitates the establishment of United Nations houses or common premises and the use of common administrative services, and considers eco-friendly and environmentally friendly solutions when feasible. The working group emphasizes support to the 'delivering as one' initiative. A critical activity for UNFPA during the 2008-2009 biennium will be to identify, select and establish five regional offices and six subregional offices.

104. Accountability and funding levels. The accountability for the key activities below lies with the Division for Management Services, as well as with the country and regional offices. Funding levels for this function are $**Error! Not a valid link.**million in 2006-2007 and $**Error! Not a valid link.**million in 2008-2009.

105. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 9 Activity: Identify, select and establish premises for regional offices, subregional offices and country offices	Number of regional offices and subregional offices arranged in a timely and cost-effective manner versus target	0 regional offices and 0 sub-regional offices	5 regional offices and 6 sub-regional offices in accordance with approved plans
Output 8 Activity: Develop and implement the strategy for UNFPA headquarters premises after 2010, due to the expiry of the current lease	Milestones to identify options for functional and cost-effective post-2010 premises for UNFPA headquarters	current premises	Report on options prepared and presented to senior management
Output 1 Activity: Provide support to all UNFPA locations, including headquarters, with regard to facilities management, travel services, asset management, mail	Response time to service requests versus target Percentage of archive and record management system	5 business days zero	3 business days 50 per cent of headquarters

Strategic plan management outputs and key activities	Indicators	Baselines	Target
and pouch services, archive and record management, and other building, administrative and support services	pilots operational versus target		divisions operational in archives and records management system
Output 2 Activity: Ensure efficient administrative management of assets and support services in country offices	Percentage of country offices submitting annual letters of certification of assets by the end of January of the following year	53 per cent	85 per cent

Function 13: Human resources

106. Definition and description. This function involves recruiting qualified staff internally and externally to fill vacancies; deploying and rotating staff to support the programmes and objectives of the organization; training and educating staff to ensure that they possess the skills and competencies required for organizational functions; establishing and managing a system of performance review and evaluation that rewards personal and organizational performance and provides remediation for less than satisfactory performance; and providing counselling for staff for career development and grievances.

107. Issues and narrative. This function supports management outputs 3, 5 and 6 (page 7 refers). In the 2008-2009 biennium, the human resources function will ensure that posts are filled efficiently and effectively with capable and motivated staff. It will play a pivotal role in implementing the new organizational structure by ensuring that UNFPA promptly provides the regional and subregional offices with staff that possess the needed skills and competencies. This will minimize operational difficulties during the restructuring process. UNFPA will strengthen recruitment and staffing through innovative practices and will develop relevant training programmes and appropriate methodologies to enhance staff competencies. Human resources policies will reflect best practices and the International Civil Service Commission recommendations. Most of these innovations are designed with field staff in mind.

108. This function supports accountability by ensuring that staff performance is assessed in an effective and timely manner and that compliance with staff regulations and rules is enforced. Regarding the internal justice system, UNFPA will enhance awareness of relevant rules and better respond to the needs of staff and management for legal advisory services. Participation in inter-agency bodies will ensure that the UNFPA position on matters involving human resources is taken into account.

109. Accountability and funding levels. The accountability for the key activities below lies primarily with the Division for Human Resources. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

110. Expected key results

Strategic plan management outputs and key activities	Indicators	Baselines	Target
Output 3 Activity: Ensure that UNFPA has sufficient human resources to achieve its mission and goals	Recruitment time from advertisement of post to provisional offer	5-6 months	3 months for local; 4 months for international
	Overall staff satisfaction per	76 per cent	>76 per cent

Strategic plan management outputs and key activities	Indicators	Baselines	Target
	staff survey		
Output 3 Activity: Provide training and career guidance to enhance capacity and motivation, including appropriate training to support UNFPA restructuring	Average number of learning days per staff per year organized or funded by the Learning and Career Management Branch	2.77	3 annually
Output 3 Activity: Develop innovative policies to guide the management of UNFPA human resources	Percentage of human resources management policies approved versus the target set in the office management plan of the Division for Human Resources	80 per cent	90 per cent of the policies planned in the office management plan of the Division for Human Resources approved
Output 5 Activity: Participate in inter-agency bodies to ensure that the UNFPA position on matters involving human resources is taken into account in United Nations reform initiatives and other initiatives	Percentage of inter-agency bodies dealing with human resources issues that have a UNFPA presence	100 per cent	100 per cent maintained
Output 6 Activity: Assess staff performance	Percentage of performance appraisal and development assessments completed on time	Phase 1: 81 per cent Phase 3: 80 per cent	Phase 1: 95 per cent Phase 3: 95 per cent
Output 6 Activity: Take required legal action in accountability-related regulations, rules and policies	Percentage compliance with all legal formal and procedural requirements	100 per cent	100 per cent maintained

Function 14. Internal audit

111. Definition and description. This function captures the costs of regularly updating the risk universe; planning, carrying out, following up and communicating on internal audit and oversight exercises; preventing and detecting fraud; and conducting investigations. The audit and oversight exercises help managers to assess and improve the adequacy, efficiency and effectiveness of their control systems, business practices and use of resources to achieve results. Internal audit provides the Executive Director and the governing bodies with assurance on UNFPA governance and risk-management processes, internal controls and the quality of its performance in supporting the accountability framework.

112. Issues and narrative. This function supports management output 6 (page 7 refers). UNFPA continues to strengthen the accountability and assurance processes by updating the approach and reorganizing its internal audit and oversight services. For 2008-2009, UNFPA will focus on implementing key recommendations of the 2006 quality assessment as well as other change measures, including:

(a) Widening the risk model to include all organizational units;

(b) Increasing resources to support fraud risk assessment and investigations;
(c) Moving regional auditor posts to headquarters;
(d) Documenting the practices and procedures of the Division for Oversight Services and strengthening the supervision of oversight assignments to ensure consistent and appropriate work performance;
(e) Decreasing the audit and oversight report release lead time;
(f) Improving the monitoring and tracking system on implementing the audit and oversight recommendations and other risk-management data; and
(g) Supporting the Audit Advisory Committee as an independent assurance mechanism.

113. Accountability and funding levels. The accountability for the key activities below lies with the Division for Oversight Services. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and $**Error! Not a valid link.**million in 2008-2009.

114. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 6 Activity: Assess and manage the risk universe by enhancing the organization-wide risk model, conducting audit and oversight missions for high-risk units, and preventing, detecting and investigating fraud	Number of unit risk profiles issued	70 (2007 estimate)	85 annually
	Number of audit and oversight missions for high risk units completed	18	24 annually
Output 6 Activity: Improve oversight services through effective management, practices and risk-data maintenance	Percentage of quality-assessment recommendations implemented	50 per cent	100 per cent
Output 6 Activity: Regularly inform management, the Audit Advisory Committee, external auditors, and governing bodies on risks through analyses, consultations and reports	Percentage of Audit Advisory Committee recommendations addressed by management by the end of the following year	Figure to be collected through the 2007 annual headquarters report	100 per cent

Function 15: Corporate evaluation

115. Definition and description. Evaluation is a longstanding and widespread function, carried out by the programme side of the organization (decentralized evaluations) and by the Division for Oversight Services. This function captures only corporate, central evaluation, since the evaluation of operational programmes is an integral part of programme management and oversight. Corporate evaluation provides independent assurance to the Executive Director and governing bodies of the relevance, efficiency, effectiveness, impact and sustainability of UNFPA support and extracts lessons learned to improve performance.

116. Issues and narrative. This function supports management outputs 2 and 6 (page 7 refers). The role of the corporate evaluation function is to:

(a) Verify that appropriate indicators and methodologies for measuring performance and impact are in place;

(b) Monitor the measurement of the performance and impact of projects and programmes;
(c) Commission independent thematic evaluations critical to the organizational mandate; and
(d) Contribute to building evaluation capacity in UNFPA.

117. UNFPA will focus on: (a) improving the quality of UNFPA programme evaluations and the data base; (b) commissioning independent evaluations on strategic topics such as aid effectiveness and sector-wide approaches, joint programmes, the use of data for development, and reproductive health commodity security; and (c) conducting evaluative assessments of the relevance and management of selected programmes through oversight missions. To ensure harmonization, UNFPA will pursue evaluation capacity-building and methodological development primarily in inter-agency mechanisms such as the United Nations evaluation group and the UNDG working groups.

118. Accountability and funding levels. The accountability for the key activities below lies with the Division for Oversight Services. Funding levels for this function are **$Error! Not a valid link.**million in 2006-2007 and **$Error! Not a valid link.**million in 2008-2009.

119. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 2 Activity: Plan and manage independent evaluations to assess impact-related risks	Number of independent evaluations managed annually	2	2 annually
Output 6 Activity: Develop and/or review impact-measurement methodologies in corporate-level exercises and maintain an evaluation data base	Number of good practice evaluation terms of reference, methodologies and reports available to staff	10 (2007 estimate)	50 by 2009
Output 6 Activity: Assess and help manage risks through evaluative assessments as part of oversight missions	Number of oversight missions with the participation of an evaluator	9	13 annually

Function 16: Staff security

120. Definition and description. This function covers activities related to ensuring a safe, secure environment and facilities for organization staff so that UNFPA may plan and implement programmes effectively. It includes establishing and maintaining policies and systems of security management and accountability, providing an enabling environment for safe programme delivery, and contributing to staff safety and security in all locations.

121. Issues and narrative. This function supports management outputs 2 and 9 (page 7 refers). To build an enabling environment for safe programme delivery, while ensuring the safety and security of staff, UNFPA found it necessary to expand this function at headquarters and in the field, in order to provide support services to field operations. Strengthening this function will enable UNFPA to provide timely regional and country-specific support on security-related matters as well as policy and operational support. UNFPA must undertake security-risk assessments in field offices to establish the level of compliance with United Nations minimum operating security standards.

122. Accountability and funding levels. Accountability for the key activities below lies with the Office of the Security Coordinator, which includes regional security officers in the field. Funding levels for this function are $**Error! Not a valid link.**million in 2006-2007 and $**Error! Not a valid link.**million in 2008-2009. Overall security requirements, including items financed by the security reserve, are summarized in the table below:

Supplementary table VII: Comparison of security requirements

	2006-2007	2008-2009	Increase or (decrease)	Increase or (decrease)
	USD million	USD million	USD million	%
Non-post elements				
Security reserve				
United Nations Department of Safety and Security	3.2	5.1	1.9	59%
Global access control system (headquarters)	1.5	0.5	(1.0)	-67%
Others		0.5	0.5	
Utilization of existing reserve		(3.7)	(3.7)	
Subtotal non-posts for security reserve*	**4.7**	**2.4**	**(2.3)**	**-49%**
Cumulative security reserve**	**11.5**	**13.9**	**2.4**	**21%**
Biennial support budget				
Malicious act insurance policy	0.5	0.3	(0.2)	-40%
MOSS/MORSS, country offices a/	4.0	3.4	(0.6)	-15%
Others		0.7	0.7	
Project recovery	(0.5)	0.0	0.5	-100%
Centraly allocated costs		0.4	0.4	
Subtotal non-posts for the biennial support budget	**4.0**	**4.9**	**0.9**	**22%**
Post elements				
Biennial support budget				
Posts b/	1.1	2.4	1.3	116%
Subtotal biennial support budget posts	**1.1**	**2.4**	**1.3**	116%
Grand total biennial support budget	**5.1**	**7.3**	**2.2**	**42%**

* Charges shown under table 1, resource plan, item E

** In decision 2004/27, the Executive Board approved a security reserve totalling $6.8 million, to address the additional security requirements of UNFPA. In decision 2005/37, the Executive Board authorized additional funding of $4.7 million to replenish the security reserve for the 2006-2007 biennium.

a/ MOSS= minimum operating security standards; MORSS= minimum operating residential security standards

b/ 2006-2007 estimate has been adjusted by $0.2 million, compared to the table in DP/FPA/2005/13

123. Expected key results

Strategic plan management outputs and key activities	**Indicators**	**Baselines**	**Target**
Output 2 Activity: Implement security measures for all offices and operations, thereby ensuring that field offices comply with United Nations minimum operating security standards	Percentage of security assessments carried out in field offices	30 per cent of security assessments carried out in accordance with United Nations Department of Safety and Security risk management	80 per cent of security assessments of field offices completed and minimum operating security standards implemented
Output 2 Activity: Security risk management mainstreamed into new UNFPA programmes and projects at corporate, regional	Milestones to incorporate security-risk management into all programme activities	Programme implementation security policy to be established in 2007	100 per cent implementation

Strategic plan management outputs and key activities	Indicators	Baselines	Target
and country levels			
Output 9 Activity: Response capacity to deal with all security situations, including crisis and emergency response	Effective first response time to security emergencies at field and headquarters locations versus norm	Figure to be collected through 2007 headquarters annual report	Effective response within 24 hours

IV. DRAFT DECISION

124. The Executive Board may wish to adopt the following decision:

The Executive Board,

1. *Takes note* of the functions, management outputs, indicators and resource requirements in the estimates for the UNFPA biennial support budget, 2008-2009, as contained in document DP/FPA/2008/1;

2. *Approves* gross resources in the amount of $259.8 million, representing the total biennial support budget, 2008-2009, and *notes* that after offsetting the indirect cost recovery amount of $24 million, the estimated net resources total $235.8 million;

3. *Decides* that the appropriated amount should be used to achieve the management outputs as specified in the 16 functions presented in document DP/FPA/2008/1;

4. *Authorizes* additional funding expenditures of $6 million from regular resources to further implement the Enterprise Resource Planning (Atlas) project, including the implementation of international public sector accounting standards;

5. *Authorizes* additional funding expenditures of $2.4 million from regular resources to replenish the security reserve;

6. *Authorizes* that $28.4 million be used for the one-time costs of the new UNFPA organizational structure;

7. *Authorizes* that the number of UNFPA representatives at the D1 level will not exceed 40 per cent of the total number of UNFPA representatives.

Summary table 1: Regional resource plan

(in millions of United States dollars)

	2006-2007				2008-2009			
	Regular resources $	Additional resources $	Total resources $	%	Regular resources $	Additional resources $	Total resources $	%
AFRICA								
A. Programmes	201.9	57.2	259.0		261.3	118.7	380.0	
B. Biennial support budget	52.6	0.0	52.6		73.6	0.0	73.6	
Total Africa	254.5	57.2	311.6	33.3%	334.9	118.7	453.6	34.0%
ARAB STATES AND EUROPE								
A. Programmes	0.0	0.0	0.0		0.0	0.0	0.0	
B. Biennial support budget	2.7	0.0	2.7		1.8	0.0	1.8	
Total Arab States and Europe	2.7	0.0	2.7	0.3%	1.8	0.0	1.8	0.1%
ARAB STATES								
A. Programmes	52.4	18.3	70.6		54.4	54.5	108.9	
B. Biennial support budget	12.0	0.0	12.0		17.8	0.0	17.8	
Total Arab States	64.4	18.3	82.6	8.8%	72.2	54.5	126.7	9.5%
EASTERN EUROPE AND CENTRAL ASIA								
A. Programmes	16.7	3.0	19.7		26.4	11.3	37.7	
B. Biennial support budget	6.0	0.0	6.0		10.9	0.0	10.9	
Total Eastern Europe and Central Asia	22.7	3.0	25.8	2.8%	37.3	11.3	48.6	3.6%
ASIA AND THE PACIFIC								
A. Programmes	161.3	39.4	200.7		186.4	86.5	272.8	
B. Biennial support budget	24.3	0.0	24.3		36.0	0.0	36.0	
Total Asia and the Pacific	185.6	39.4	225.0	24.0%	222.3	86.5	308.8	23.1%
LATIN AMERICA AND THE CARIBBEAN								
A. Programmes	47.8	54.9	102.7		63.8	91.3	155.1	
B. Biennial support budget	20.5	0.0	20.5		27.7	0.0	27.7	
Total Latin America and the Caribbean	68.3	54.9	123.2	13.2%	91.5	91.3	182.8	13.7%
INTERCOUNTRY / GLOBAL								
A. Programmes	48.1	17.3	65.5		40.0	43.8	83.8	
B. Biennial support budget	24.9	0.0	24.9		18.7		18.7	
Total global	73.1	17.3	90.4	9.7%	58.7	43.8	102.6	7.7%
CENTRALLY MANAGED SUPPORT - Biennial spport budget	65.9		65.9	7.0%	73.3		73.3	5.5%
Income to budget	(12.6)		(12.6)		(24.0)	24.0	0.0	
A. Programmes	528.2	190.0	718.2	76.7%	632.3	406.1	1,038.4	77.8%
B. Technical Advisory Programme	7.6	0.0	7.6	0.8%				
C. Biennial support budget	196.4	0.0	196.4	21.0%	235.8	24.0	259.8	19.5%
D. Atlas, including IPSAS*	8.9	0.0	8.9	0.9%	6.0	0.0	6.0	0.5%
E. Security	4.7	0.0	4.7	0.5%	2.4	0.0	2.4	0.2%
F. Regionalization (one-time costs)	0.0	0.0	0.0	0.0%	28.4	0.0	28.4	2.1%
GRAND TOTAL USE OF RESOURCES	745.8	190.0	935.8	100.0%	904.8	430.1	1,334.9	100.0%

Note: The breakdown of regular resources for programmes is based on the preliminary planning figures from the strategic plan, 2008-2011.
The breakdown of additional resources for programmes is based on expenditure for 2006.

* International public sector accounting standards

Summary table 2: Proposed changes in senior posts

		Senior Posts			
		USG/ASG	D-2	D-1	Total
2006-2007 APPROVED POSTS		3	9	41	53
A. Proposed increases and decreases					
Headquarters					
Africa Division	Director		(1)		(1)
Africa Division	Deputy Director			(1)	(1)
Asia and the Pacific Division	Director		(1)		(1)
Asia and the Pacific Division	Deputy Director			(1)	(1)
Division for Arab States, Europe and Central Asia	Director		(1)		(1)
Division for Arab States, Europe and Central Asia	Deputy Director			(1)	(1)
Latin America and the Caribbean Division	Director		(1)		(1)
Latin America and the Caribbean Division	Deputy Director			(1)	(1)
Technical Support Division	Director		(1)		(1)
Technical Support Division	Deputy Director			(1)	(1)
Technical Support Division	Chief, Commodities Management Branch			(1)	(1)
Technical Support Division	Chief, Culture, Gender and Human Rights Branch			(1)	(1)
Technical Support Division	Chief, Global Programmes and Policy Support Branch			(1)	(1)
Technical Support Division	Chief, HIV/AIDS Branch			(1)	(1)
Technical Support Division	Chief, Population and Development Branch			(1)	(1)
Technical Support Division	Chief, Reproductive Health Branch			(1)	(1)
Technical Division	Director		1		1
Technical Division	Deputy Director			1	1
Technical Division	Chief, Population and Development Cluster			1	1
Technical Division	Chief, Sexual and Reproductive Health and HIV/AIDS Cluster			1	1
Technical Division	Senior Technical Adviser			1	1
Technical Division	Senior Technical Adviser			1	1
Technical Division	Chief, Culture, Gender and Human Rights Cluster			1	1
Programme Division	Director		1		1
Programme Division	Chief, Programme Support and Regional Desks Branch			1	1
Office of the Executive Director	Ethics Officer			1	1
Subtotal headquarters			**(3)**	**(3)**	**(6)**
Field					
Africa Regional Office	Regional Director		1		1
Africa Regional Office	Deputy Regional Director			1	
Asia and the Pacific Regional Office	Regional Director		1		1
Asia and the Pacific Regional Office	Deputy Regional Director/UNFPA Representative			1	1
Asia and the Pacific Subregional Office	Subregional Office Director/UNFPA Representative			1	1
Pacific Island countries	Representative			(1)	(1)
Eastern Europe and Central Asia Regional Office	Regional Director		1		1
Eastern Europe and Central Asia Subregional Office	Subregional Office Director/UNFPA Representative			1	1
Arab States Regional Office	Regional Director		1		1
Arab States Regional Office	Deputy Regional Director			1	1
Latin America and the Caribbean Regional Office	Regional Director		1		1
Latin America and the Caribbean Regional Office	Deputy Regional Director			1	1
Latin America and the Caribbean Subregional Office	Subregional Office Director/UNFPA Representative			1	1
Subtotal field			**5**	**6**	**11**
Total increases and decreases			**2**	**3**	**5**

Summary table 2: Proposed changes in senior posts (continued)

		Senior Posts			
		USG/ASG	D-2	D-1	Total
B. Proposed reclassifications					
Headquarters					
Division for Management Services, Procurement Services Branch	Chief, Procurement Services			1	1
Subtotal headquarters				**1**	**1**
Field					
Africa region	Representative, Cameroon			(1)	(1)
Africa region	Representative, Togo			(1)	(1)
Africa region	Representative, Côte d'Ivoire			1	1
Africa region	Representative, Ethiopia			1	1
Africa region	Representative, Kenya			1	1
Africa region	Representative, Madagascar			1	1
Africa region	Representative, Mali			1	1
Africa region	Representative, Rwanda			1	1
Africa region	Representative, Senegal			1	1
Asia and the Pacific region	Representative, Afghanistan			1	1
Asia and the Pacific region	Representative, Bangladesh			1	1
Asia and the Pacific region	Representative, India			1	1
Asia and the Pacific region	Representative, Myanmar			1	1
Asia and the Pacific region	Representative, Pakistan			1	1
Eastern Europe and Central Asia region	Representative, Uzbekistan			(1)	(1)
Eastern Europe and Central Asia region	Representative, Romania			1	1
Arab States region	Representative, Syrian Arab Republic			(1)	(1)
Arab States region	Representative, Sudan			1	1
Latin America and the Caribbean region	Representative, Bolivia			(1)	(1)
Latin America and the Caribbean region	Representative, Brazil			1	1
Latin America and the Caribbean region	Representative, Nicaragua			1	1
Subtotal field				**11**	**11**
Total reclassifications				**12**	**12**
Total changes (net)			**2**	**15**	**17**
2008-2009 PROPOSED POSTS		**3**	**11**	**56**	**70**

Annex 1

ACTIONS TAKEN TO IMPLEMENT THE RECOMMENDATIONS OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS

As requested by the ACABQ in its report (DP/FPA/2005/14) on the estimates for the UNFPA biennial support budget for 2006-2007, UNFPA is pleased to provide this annex summarizing the actions taken to implement the ACABQ recommendations.

1. Paragraph 2 of the report recommended that UNFPA continue to use charts and graphs as well as list actions taken to implement previous recommendations.

The present budget document includes harmonized tables and charts in the results-based budget format that have been streamlined and simplified to provide a better overview and understanding of the budget proposal. Furthermore, UNFPA has included a results-based matrix for each function, including key activities, indicators, baselines and targets. UNFPA has also included supplementary, UNFPA-specific tables in selected areas to provide further details on particular topics.

2. Paragraph 3 recommended the implementation of results-based budgeting, taking into account lessons learned by other United Nations entities and the existing knowledge and experience of the United Nations Department of Management and the Department of Peacekeeping Operations.

Together with UNDP and UNICEF, UNFPA developed a harmonized concept paper on results-based budgeting. UNFPA and UNDP presented the concept paper, together with the mock-up budget proposal, to the Executive Board at its annual session 2007, and to the ACABQ. The ACABQ report (AC/1622), encouraged progress towards implementing results-based budgeting. As a result, UNFPA has presented, for the first time, its biennial support budget in the results-based budget format.

3. Paragraph 5 encouraged UNFPA to continue to intensify its fund-raising activities not only to maintain the level of resources but also to attain further positive results.

UNFPA has succeeded in increasing its income levels, as detailed in the financial framework of the biennial support budget. In addition, UNFPA is continuing its efforts to broaden its donor base, as evidenced by: (a) the growing number of Member States that financially support UNFPA (from 166 in 2005 to an estimated 180 in 2007); (b) the increasing number of multi-year pledges (from 55 in 2005 to an estimated 80 in 2007); and (c) the increasing number of countries that are augmenting their contributions in national currencies (39 in 2005 and estimated 41 in 2007).

4. Paragraphs 6 and 8 expressed the ACABQ opinion that there is greater potential of channelling funds more to programmes by reducing expenditure on programme support and management and administration, so as to ensure enhanced emphasis on programmes, which benefit greatly the recipients.

UNFPA has been increasing funds available to programmes, as reported in table 1 – resource plan. The ratio of the biennial support budget as a percentage of the total use of resources has decreased from 22.3 per cent to 19.5 per cent.

5. Paragraph 13 encourages further efforts by UNFPA to increase entry-level posts in the professional category. UNFPA has sought to increase the number of entry-level posts (up to the P3 level) In the biennial support budget, 2008-2009, UNFPA proposes a net addition of 30 such posts, in the context of the new organizational structure.

6. Paragraph 15 reiterated the ACABQ position on the high number of reclassifications in UNFPA, also stated in its report on the biennial support budget for 2004-2005, and the need to better justify so many reclassifications. The ACABQ indicated that career prospects and promotion of staff are human resource management issues that cannot normally be handled through the reclassification of posts.

UNFPA has proposed a number of reclassifications, both upward and downward. At headquarters, this number is 16 upward and 2 downward, which is less than in the previous biennium (23 upward and 1 downward). The majority of proposed reclassifications are in country offices (23 upward and 5 downward for international posts, and 74 upward and 15 downward for local posts. UNFPA has not effected reclassifications in country offices since the introduction of the country office typology in 2002-2003. In the meantime, the nature of the functions has changed, warranting the proposed reclassifications. UNFPA will manage the implementation of the proposed reclassifications in full compliance with the policies and criteria of the International Civil Service Commission.

7. Paragraph 17 stated that the ACABQ trusts that administrative efficiencies and savings associated with the implementation of the Enterprise Resource Planning system (Atlas), in post and non-post resources, will be quantified and incorporated in the context of the biennial support budget, 2008-2009.

The impact of the Enterprise Resource Planning system (Atlas) on administrative processes has meant faster processing, better quality information and faster reporting, together with the integration of various databases. The system has not yet reduced workload requirements; rather, the contrary has occurred. For example, the segregation of duties and the approval process led to improved internal controls, but imposed additional workloads on UNFPA structures. The qualitative benefits obtained from the introduction of Atlas are: (a) improved data and process integrity; (b) enhanced operational security; (c) management accountability and transparency; (d) streamlined, more efficient processes; and (e) savings from phased-out legacy systems (in progress), corporate payroll for national staff and assignments of limited duration. The efficiencies are described below:

(a) UNFPA did not have a system to record and conduct human resources transactions with respect to locally recruited personnel, nor did it have a system for the payroll of locally recruited staff. As a result, there were no standards for human-resources related transactions and for payroll for locally recruited staff. This affected 70 per cent of the staff of UNFPA. Atlas enabled the universal application of standards in all country offices and the standardization of related transactions.

(b) UNFPA lacked a standard procurement system in its country offices and in the UNFPA country technical services teams. Atlas provided a standard system for procurement purposes, and enabled the application of a consistent financial control framework for all financial transactions.

(c) Atlas enabled full transparency and accountability in all transaction systems.

(d) Atlas has provided the opportunity for real-time project and programme monitoring.

(e) Atlas has resulted in increased speed of processing transactions. The time required to complete a transaction has been greatly reduced.

Annex 2

TERMINOLOGY

Additional resources: This terminology is used in the context of a simplified presentation of the biennial support budget tables. It is defined as resources, other than regular resources, including other resources and funds-in-trust.

Appropriation: An authorization by the Executive Board to the head of the agency to commit biennial support budget funds during the biennium, up to the amounts so approved.

Biennial support budget: The budget of an organization that covers a set of functions that support the operational activities of the organization, in support of its mission and mandate at all levels, within the framework of the strategic plan, over a two-year period.

Cost (increase and decrease): Any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from changes in costs, prices and exchange rates.

Function: A group of activities carried out, funded with biennial support budget resources, to operate and improve the agencies in order to assure the effective delivery of development results and implementation of their respective mandates.

Gross budget: For voluntarily funded organizations, the budget in which staff costs are estimated on a net basis (i.e., exclusive of staff assessment) and all other costs are estimated on a gross basis, i.e., inclusive of income tax payments for staff, total local office costs and costs of services to be rendered.

Net budget: For voluntarily funded organizations, the budget that reflects estimates of income to be expected which offsets, in whole or in part, the related gross budget estimates.

Other resources: Resources of a voluntarily funded organization, other than regular resources, which are received for a specific programme purpose (other resources relating to programmes) and for the provision of specific services to third parties (other resources relating to reimbursements).

Programmes: Direct inputs needed to achieve the objectives of a specific project or programme for development cooperation. This may include experts, support personnel, supplies and equipment, subcontracts, cash assistance and individual or group training.

Regular resources: Resources of a voluntarily funded organization that are co-mingled and untied. These include pledges of voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

Results-based budgeting: Based on the concept paper of the High-Level Committee on Management, for the biennial support budgets of UNDP, UNFPA and UNICEF, results-based budgeting is defined as a results-driven budgeting process wherein resource justification is made for a set of expected results, with indicators, including baselines and targets to be achieved, presented by key functions.

Volume (increase and decrease): Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period. Volume is expressed using the same cost factors applicable for the approved appropriations, to permit direct comparison of these changes relative to the level of activities approved for the current budget period.

Annex 3

METHODOLOGY

1. The methodology involves several sequential steps in calculating estimates. These calculations are effected separately for each year of a biennium. Essentially, the methodology is to take the approved appropriations for the first year of the current biennium and add the volume and cost adjustments, which results in the estimates required for the first year of the proposed biennium. Similarly, the approved appropriations for the second year of the current biennium are updated to result in the estimates required for the second year of the proposed biennium. It should be borne in mind that, normally, the time during which estimates are prepared for the proposed biennial support budget is during the first months of the second year of the current biennium. A description of each sequential step follows.

A. Volume adjustments

2. First, using the approved appropriations as a base, the real increases or decreases in requirements are calculated and designated as volume changes. Volume changes, as defined, represent the controllable elements in the estimates, subject to the executive head's assessment of what the organization requires to perform the task with which it is entrusted. Such volume changes are calculated at the same price levels as the approved appropriations in order to facilitate comparison with the currently approved base.

B. Various cost adjustments

3. Cost increases or decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments are added to the approved appropriations and volume changes. Except for within-grade increments, they reflect only known changes that have occurred in the two years since the preparation of the last biennial support budget. Such cost factors include, for example, decisions of the International Civil Service Commission on a variety of staff entitlements (e.g., dependency allowances and education grants), and changes in the average step of posts by grade level. These adjustments may also include estimates to cover within-grade increments for staff if the experience of the organization so warrants. Normally, but not exclusively, such cost adjustments apply to staff costs. An example of this type of cost adjustment for operating expenses would be a change in rate per square foot upon relocation of premises.

C. Currency adjustment

4. Currency adjustments are then calculated, by year, on the total of approved appropriations, volume and various cost adjustments. These currency adjustments would normally be the difference between the United Nations operational rate of exchange in effect on, for example, 1 April of the year preceding the current biennium and, for example, on 1 April of the second year of the current biennium, i.e., the time of preparation of the proposed biennial support budget. This factor is of particular importance given the extent of the field offices of the organization, where operating costs vary greatly with the strength or otherwise of the United States dollar.

D. Inflation adjustment

5. Finally, to complete the picture and to develop the final estimate of requirements for the next biennium, the organization must adjust or estimate, as appropriate, inflation over a four-year period. These adjustments are calculated, by year, on the total of approved appropriations, volume and various cost adjustments, as adjusted for currency, as follows:

(a) For the first year of the current biennium to the first year of the proposed biennium. The existing estimates already embody earlier estimates of inflation. The inflation adjustment for this transition therefore includes:

(i) the difference between the application of earlier estimates and the actual inflation for the first year of the current biennium;

(ii) the difference between the application of earlier estimates and the revised inflation projection for the second year of the current biennium; and

(iii) the inflation projection for the first year of the proposed biennium.

(b) For the second year of the current biennium to the second year of the proposed biennium:

(i) – (iii) as in (a) above; and

(iv) the inflation projection for the second year of the proposed biennium.

6. In order to arrive at these estimates of inflation, four inflation factors for each location are adopted for each year:

(a) The first inflation factor pertains to the estimated movement of post adjustment for international professional staff;

(b) The second inflation factor pertains to international travel and common staff costs for internal professional staff (this is the same for all locations);

(c) The third factor encompasses salaries and common staff costs for local staff, i.e., in the national professional category and general service and other categories, which may vary significantly from location to location; and

(d) The fourth factor relates to all other costs, such as operating expenses.

7. Within the general framework, New York and Geneva are treated separately from field offices. For these two locations, the rates used are the same as those used by the United Nations unless specific contractual commitments differ.

8. Apart from a limited number of cost elements such as international travel and the common staff costs of international staff, the inflation factors for field offices must be location-specific. Estimates are compared with past experience and current global patterns and/or information that is available and published before being applied to the budget estimates.